

NEW ISSUE

**Ratings: Moody's Investor Services, Inc. - "Aaa"
Standard & Poor's - "AAA"
(Ambac 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 be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "Tax Exemption" and "Appendix C" herein.***

**\$4,000,000
Town of North Kingstown, Rhode Island
General Obligation Bonds**

Dated: July 15, 2007**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 July 15, 2007. Interest on the Bonds will be payable on January 15, 2008 and semiannually thereafter on July 15 and January 15 of each year at the rates as shown in the maturity schedule below. Principal on the Bonds will be paid on July 15 of each year as shown in the maturity schedule below.

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>			<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>		
<u>July 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>July 15</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2008	\$125,000	6.500%	3.600%	660325UD1	2018	\$195,000	4.125%	4.125%	660325UP4
2009	130,000	6.500	3.650	660325UE9	2019	205,000	4.125	4.180	660325UQ2
2010	135,000	6.000	3.700	660325UF6	2020	215,000	4.200	4.200	660325UR0
2011	140,000	6.000	3.750	660325UG4	2021	225,000	4.250	4.250	660325US8
2012	150,000	4.500	3.800	660325UH2	2022	240,000	4.300	4.320	660325UT6
2013	155,000	4.200	3.840	660325UJ8	2023	250,000	4.375	4.375	660325UU3
2014	165,000	4.200	3.880	660325UK5	2024	260,000	4.375	4.400	660325UV1
2015	170,000	4.250	3.940	660325UL3	2025	275,000	4.375	4.420	660325UW9
2016	180,000	4.250	4.000	660325UM1	2026	290,000	4.375	4.440	660325UX7
2017	190,000	5.000	4.100	660325UN9	2027	305,000	4.375	4.460	660325UY5

*The CUSIP Numbers have been assigned by an independent company not affiliated with the Town or the Financial Advisor and are included solely for the convenience of the holders of the Bonds. Neither the Financial Advisor 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.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

Ambac

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

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. It is expected that the Bonds, in definitive form, will be available for delivery to DTC in New York, New York, or to its custodial agent, on or about July 25, 2007.

Roosevelt & Cross, Inc. and Associates
Official Statement Dated July 12, 2007

TABLE OF CONTENTS

	<u>Page</u>
THE BONDS	1
Description of the Bonds	1
Record Date	1
Authorization and Purpose of the Bonds	1
Book Entry Only System	1
Redemption Prior to Maturity	3
Security for the Bonds	3
BOND INSURANCE	4
TOWN OF NORTH KINGSTOWN	6
General	6
Government	6
Public Education	6
Government Services	7
Employee Relations	9
Employee Retirement Plans	9
Other Post Employment Benefits	9
ECONOMIC CHARACTERISTICS	9
Population	9
Employment	10
Unemployment	10
Largest Employers	11
Income Levels	11
Housing and Building Permits	11
ECONOMIC DEVELOPMENT AND OUTLOOK	12
Industrial Development	12
Quonset Business Park	12
Other Industrial Development	14
Commercial Development	14
Office Development	16
BUSINESS TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT TAX INCENTIVE	16
MUNICIPAL PLANNING AND DEVELOPMENT	16
Planning	16
Zoning and Subdivision Regulation	16
Growth Management	16
PROPERTY TAXES	17
General	17
Tax Limitations	17
Motor Vehicle Phaseout Program	17
Assessed Valuations	18
Principal Taxpayers	19
Analysis of Property	20
Tax Rate, Levy and Collection Records	20
TOWN DEBT	20
Debt Limit	20
Current Outstanding Debt	21
Actual Bonded Debt Service Requirements	21
Debt Ratios and Debt per Capita	22
Overlapping and Underlying Debt	22
Outstanding Bond Authorizations	22
TOWN FINANCES	22
Basis of Accounting	22
Annual Audit	22
Budgetary Procedures	23
Comparative Budgets (General Fund Only)	24
Tax Anticipation Notes	24
State Aid	24
LITIGATION	25
TAX EXEMPTION	25
CONDITIONS PRECEDENT TO DELIVERY	27
No Litigation Certificate	27
Approval of Legality	27
Certificate with Respect to Official Statement	27
Financial Advisor	27
CONTINUING DISCLOSURE	27
RATINGS	29
MISCELLANEOUS	29
Appendix A—Comparative Financial Statements	A—1
Appendix B—Comprehensive Annual Financial Report for the Year Ended June 30, 2006	B—1
Appendix C—Proposed Form of Legal Opinion for the Bonds	C—1
Appendix D—Ambac Assurance Corporation Specimen Policy	D—1

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained, incorporated by reference or referred to in this Official Statement in connection with the offer made hereby, and, if given or made, such information or representations must not be relied upon as having been authorized by the Town. 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 representation of fact by the Town. The information and expression of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Town since the date hereof. The information contained herein has been obtained from the Town and other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Town as to information from sources other than the Town.

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.

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 any of the Bonds in any jurisdiction in which such offer, solicitation or sale is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful 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 examinations contained in such Act. Neither the Bonds or the Notes 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 this 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.

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

OFFICIAL STATEMENT
of the
TOWN OF NORTH KINGSTOWN, RHODE ISLAND
Relating to
\$4,000,000
GENERAL OBLIGATION BONDS

This Official Statement provides certain information concerning the Town of North Kingstown, Rhode Island (the "Town" or "North Kingstown") in connection with the issuance by the Town of its \$4,000,000 General Obligation Bonds dated July 15, 2007 (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 July 15, 2007 and will bear interest at the rates shown on the inside cover page hereof. Interest on the Bonds will be payable on January 15, 2008 and semiannually thereafter on July 15 and January 15 of each year. Principal of the Bonds will be payable on July 15 of each year as shown on the inside cover page hereof.

The Bonds are issuable only as fully registered Bonds and, when issued will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. 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 integral 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. See "THE BONDS - Book-Entry Only System" herein.

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 on 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

The Bonds in the amount of \$4,000,000 are authorized pursuant to Chapters 399/517 of the Rhode Island Public Laws of 2006 and resolutions passed by the Town Council to finance the acquisition of development rights to farmland, undeveloped land and/or open spaces and the preservation or restriction of use of farmland, undeveloped land and open spaces.

Book-Entry Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this

Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC 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). One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 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, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, 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 and www.dtc.org.

Purchases of 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, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. 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 County 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).

Redemption proceeds and principal and interest payments on the Bonds will be made to 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/Registrar on payable dates 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 in 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. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the Town, 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the Town and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities 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, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Town or the Financial Advisor.

Redemption Prior to Maturity

The Bonds maturing on or after July 15, 2018, shall be subject to redemption prior to their stated dates of maturity, at the option of the Town, on or after July 15, 2017, as a whole or in part at any time (by lot by DTC), 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 Bonds to be redeemed, shall be given not more than 60 days nor less than 30 days prior to the date set for redemption by mailing a copy of such notice to DTC or its nominees. In addition, if required by law, notice of any redemption of Bonds shall be published at least 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

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance Corporation ("Ambac Assurance") has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds, effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and/or interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay the principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates, including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration, except to the extent that Ambac Assurance elects, in its sole discretion, to pay all or a portion of the accelerated principal and interest accrued thereon to the date of acceleration (to the extent unpaid by the Obligor). Upon payment of all such accelerated principal and interest accrued to the acceleration date, Ambac Assurance's obligations under the Financial Guaranty Insurance Policy shall be fully discharged.

In the event the Paying Agent has notice that any payment of principal of or interest on a Bond that has become Due for Payment and that is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, non-appealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment (as set forth in the Financial Guaranty Insurance Policy). Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. 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;
2. payment of any redemption, prepayment or acceleration premium; and
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of the Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bonds, appurtenant coupon, if any, or right to payment of the principal of or interest on such Bonds and will be fully subrogated to the surrendering holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin, and is licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately **\$10,194,000,000** (unaudited) and statutory capital of approximately **\$6,557,000,000** (unaudited) as of **March 31, 2007**. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc. and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in the Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor.

Ambac Assurance makes no representation regarding the [Obligations] or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "BOND INSURANCE".

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices is One State Street Plaza, 19th Floor, New York, New York 10004, and its telephone number is (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and filed on March 1, 2007;
2. The Company's Current Report on Form 8-K dated and filed on April 25, 2007; and
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2007 and filed on May 10, 2007.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "**Available Information**".

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 \$3,793,809,652 with a budget of \$87,292,847 (i.e. all budgeted funds) for the fiscal year ending June 30, 2007 and \$90,351,755 for fiscal year ending June 30, 2008.

Theodore Francis Green Airport, a stop for seven 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 six elementary schools, two middle schools and one senior high school.

The School Department has 411 professional staff members comprised of 389 teachers and 22 administrators. The average enrollment is 4489 students in the 2006-2007 school year. There are approximately 12 students per teacher in the system. Historically, more than 87% of the graduating students have attended college.

The total cost of operating the public school system for the 2005-06 school year was \$50,294,963 of which \$11,145,340 came from the State of Rhode Island, \$37,509,659 from the Town's 2006 appropriation, \$2,257,354 from nonresident tuition, and \$689,907 from other sources. Set forth below are actual and projected enrollment data for the years indicated.

	<u>Actual</u>					<u>Projected</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>	<u>2011</u>
Kindergarten.....	290	261	293	240	269	287	285	284	262
Grade 1 & PRE 1....	331	317	286	298	253	318	316	314	278
Grade 2.....	339	332	313	282	295	319	316	314	276
Grade 3.....	337	347	328	314	282	323	320	318	278
Grade 4.....	353	351	341	319	309	284	321	319	276
Grade 5.....	381	354	363	326	314	320	290	328	242
Grade 6.....	344	391	353	347	319	334	321	291	279
Grade 7.....	355	351	394	334	339	352	337	323	261
Grade 8.....	348	352	337	392	329	358	344	329	287
Grade 9.....	377	384	412	383	445	396	408	392	336
Grade 10.....	395	378	376	402	378	437	395	407	344
Grade 11.....	366	365	355	370	389	364	416	376	362
Grade 12.....	312	356	370	344	361	387	360	411	347
Special Education..	<u>117</u>	<u>109</u>	<u>110</u>	<u>138</u>	<u>154</u>	<u>173</u>	<u>193</u>	<u>216</u>	<u>241</u>
Totals.....	4,645	4,648	4,631	4,489	4,435	4,652	4,622	4,622	4,070

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, 2006, the North Kingstown Police Department consisted of 62 employees comprised of 49 law enforcement personnel and 13 civilians. The Town expended \$5,204,001 in fiscal 2006, and the Town's budget for fiscal 2007 and 2008 are \$5,690,469 and \$5,812,958, respectively.

As of July 1, 2007, the Fire Department had a force of 81 employees including 3 civilian workers and 78 fire and rescue personnel. The Town expended \$6,909,892 in fiscal 2006, and the Town's budget for fiscal 2007 and 2008 are \$7,596,784 and \$7,750,820, respectively.

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 \$4,619,218 in fiscal 2006, and the Town's budget for fiscal 2007 and 2008 are \$4,802,776 and \$4,979,518, respectively.

Recreation and Leisure Activities

The Recreation Department/Leisure Activities 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 Town also enjoys 30 miles of shoreline on Narragansett Bay and has its own Town Beach. 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 Recreation/Leisure Activities Department is continuing its plan to improve the conditions of the municipal golf course and the Allen Harbor/Calf Pasture Point Recreation Complex that consists of approximately 250 acres on Narragansett Bay including the Allen Harbor Marina and the recently acquired Calf Pasture Point. Funding for the Operation and Maintenance of Municipal Golf Course and the Allen Harbor Marina as well as the planned Capital Improvements for these facilities will come from the proceeds of the operation of the Golf Course and the Marina that are deposited in the Town's Quonset/Davisville Enterprise Account.

The North Kingstown Municipal Golf Course generated fees in excess of \$1.36 million in FY 2006 and increased the number of rounds played by 5.4% since January 2004 to 42,600 rounds. The golf course remains one of top golf destinations in Rhode Island and hosted the US Open Qualifier in May 2006. A new putting green was completed in May 2006. Additional improvements that are part of the Golf Course Capital Improvement Plan include the replacement of the irrigation system and a number of tees, bunkers and greens.

The Town is expanding the Marina by adding 54 slips and 4 moorings over the next several years to bring the total number of slips and moorings to 205. A new sewer has been constructed and the new restroom opened for the 2006 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 14 full-time and 8 part-time employees, continues to be one of the six busiest public libraries in Rhode Island. The library has more than 125,000 books, magazines, newspapers, videos, DVDs, compact discs, and talking books in its collection. In fiscal year 2005-2006, more than 19,000 CLAN (Cooperating Libraries Automated Network) cardholders borrowed over 357,000 items. More than 178,000 people visited the library to borrow books, to use the Internet computers, to attend public events, to find information, and to enjoy the warmth and hospitality of one of the most attractive public libraries in Rhode Island. The library staff hosted 421 public events that were attended by more than 12,000 children, teens, and adults. Patrons asked the staff more than 42,000 reference questions. The Library's 13 public Internet computers were used more than 21,000 times. North Kingstown CLAN cardholders accessed our 17 online reference databases either here at the library or from their homes more than 68,000 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 Saunderstown and the Davisville Free Library in Davisville.

Water

The Town draws groundwater from three aquifers using 10 gravel packed wells. Average system demand is approximately 3.4 million gallons per day (MGD). Maximum daily production for all wells is 8 MGD. Revenue is collected on approximately 85% of total well production. The Town is in the process of expanding its pumping capacity with the installation of a new supply well and associated well station. It is anticipated that the new well will be on line in the fall of 2007.

The Town meters all active service connections. Inactive accounts are charged a quarterly flat fee. Private fire protection services are charged a quarterly fee based on connection 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. A full cost of service rate study is proposed for the upcoming year. 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 2007 is \$2,399,062. 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. The Town adopted its current rate schedule in 2004. This schedule provides for annual increases for usage, fire protection and flat fees through 2008. The Town's water rates are not regulated by the Public Utilities Commission. It is the Town Council by their legislative authority that sets water rates in the Town.

Employee Relations

As of July 1, 2006 the Town had 241 full-time employees exclusive of the School Department. The School Department employs 411 professional employees. In addition, there are 120 substitute teachers and 278 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 expired June 30, 2007 (In negotiation)
Policemen—3 year contract expired June 30, 2007 (In negotiation)
Public Works/Clerical—3 year contract expires June 30, 2008
School Support Professionals—3 year contract expires June 30, 2009

Employee Retirement Plans

See Note 11 to Financial Statements, Appendix B.

Other Post Employment Benefits

The Town provides its workers with certain health care benefits after retirement sometimes called “other post-employment benefits or “OPEB’s.” Changes in accounting rules will require the Town to estimate its actuarial OPEB liability and amortize the unfunded liability over thirty years beginning with the 2008-2009 fiscal year. The Town has not yet initiated an appraisal of its OPEB liability and no estimate of this liability is available. The Town expects to hire a firm during FY2008 to prepare an actuarial valuation. In the fiscal year ending June 30, 2008, the Town (including school) has budgeted approximately \$1,000,000 for post-employment benefits.

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 2005, the Town of North Kingstown had 1,008 private business and industrial firms subject to employment security taxes with yearly payrolls which totaled \$474,065,054 and the average number of persons employed was 12,553 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, 2005.

	<u># of Units</u>	<u>Total Wages</u>	<u>Average Employment</u>	<u>% of Total Covered Employees</u>
Agriculture, Forestry, Fishing & Hunting	9	2,990,130	51	0.41%
Mining	-	-	-	-
Utilities	-	-	-	-
Construction	130	16,887,140	441	3.51%
Manufacturing	67	225,219,910	4,608	36.71%
Wholesale Trade	111	27,835,621	459	3.66%
Retail Trade	106	50,050,855	1,960	15.61%
Transportation & Warehousing	35	11,314,644	374	2.98%
Information	23	6,386,693	111	0.88%
Finance & Insurance	53	18,827,333	363	2.89%
Real Estate & Rental & Leasing	32	2,543,705	101	0.80%
Professional & Technical Services	134	23,899,838	396	3.15%
Management of Companies & Enterprises	7	19,626,143	564	4.49%
Administrative Support & Waste Mgmt.	60	7,384,814	286	2.28%
Educational Services	17	2,693,748	93	0.74%
Health Care & Social Assistance	64	32,258,773	1,111	8.85%
Arts, Entertainment, & Recreation	26	4,931,567	216	1.72%
Accommodation & Food Services	64	12,150,217	1,032	8.22%
Other Services	70	9,063,923	387	3.08%
Unclassified Establishments				-
Total Private Only	1,008	\$ 474,065,054	12,553	100.00%

Source: Rhode Island Department of Labor & Training.
City & Town - 2005 Annual Report.

Unemployment

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

	<u>Annualized</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>	<u>2005</u>	<u>2006</u>
Town of North Kingstown	3.6%	3.2%	3.2%	3.4%	3.6%	4.2%	4.1%	4.1%	4.1%	4.1%
State of Rhode Island	5.2	4.6	4.2	4.2	4.5	5.1	5.4	5.2	5.1	5.1
United States	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6

Source: Department of Labor and Training.
Not Seasonally Adjusted.

	<u>2007 Monthly</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Town of North Kingstown	4.4%	4.2%	3.7%	3.6%	3.5%
State of Rhode Island	5.5	5.1	4.6	4.6	4.5
United States	5.0	4.9	4.5	4.3	4.3

Source: Department of Labor and Training.
Not Seasonally Adjusted.

Largest Employers

<u>Name</u>	<u>Type of Business</u>	<u># of Employees</u>
	<u>Private Employers</u>	
Electric Boat Corporation	Mfr/Submarine	2,000
Toray Plastics	Mfr/Plastic Products	695
Perspectives, Corp.	Program for Disabled Adults	650
Hexagon Metrology, Inc.	Mfr/Precision Instruments	350
Ocean State Jobbers	Retail Warehouse	300
North Atlantic Distribution, Inc.	Storage & Prep of Imported Cars	248
The Stop & Shop Co., Inc.	Retail	225
Home Depot	Retail	250
SENECO	Ship Builders	250
Star Gas Services	Distributor	212
Wal-Mart	Retail	200
American Biophysics Corp.	Mosquito Magnet Developer	150
Custom Design	Jewelry Displays	150
Gregg's	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
Adecco Staffing	Employment Staffing	100
Quidnesstt Country Club	Private Country Club	100
	<u>Public Employers</u>	
143d Air Wing, RI Air National Guard	Air National Guard	303
Town of North Kingstown	Town Government	300

Source: Rhode Island Economic Development Corporation—November 2006.

Income Levels

According to the 2000 U.S. Census, median family income for the Town of North Kingstown was \$69,559 compared with \$57,781 for the State as a whole; 1990 per capita income was \$28,139 compared with \$21,688 for the State. The Town ranked 6th 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</u> <u>Year</u>	<u>Permits</u> <u>Issued</u>	<u>Value</u>
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
2005	2,625	33,683,393
2006	2,638	45,741,081
2007 ⁽¹⁾	2,244	52,272,852

Source: Town Building Inspector

(1) Estimate

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; Fuji Film (formerly 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; Goldline Controls; Emissive Energy; South County Nursing Center; Stop and Shop Supermarkets; and Home Depot.

Quonset Business Park

The centerpiece of industrial development in North Kingstown is the Quonset Business Park, which is operated by the Quonset Development Corporation (QDC). 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 districts that are distinguished by their services and types of industry. Overall the 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 1973 and the Naval Construction Battalion Center, 900 acres in size, was closed in 1994. The Town and the RI Economic Development Corporation (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 was conveyed to the RIEDC and is part of an interim master lease for the site. RIEDC formed a new department to oversee the development of the Quonset Business Park – the Quonset Development Corporation (QDC). The Corporation has its own staff headed by an Executive Director, Deputy Director and is overseen by a Board of Directors. As a part of the Base Closure process, two hundred and 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, known as Allen Harbor Calf Pasture Point. The goal of the master plan is establish Allen Harbor Calf Pasture Point as a passive recreation 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 Quonset Business Park calls for mixed industrial, commercial and waterfront uses. Bond referendums passed by Rhode Island voters have secured funds to enhance the existing freight rail system and other infrastructure improvements to the park including on going improvement projects to the internal roadways and public signage servicing the park. Construction is well underway 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 day to day coordination between the Town and the QDC and ongoing efforts to ensure that the Town's Comprehensive Plan and the Master Plan for the park are consistent as well as the development of a separate element of the North Kingstown Comprehensive Plan devoted to the industrial complex.

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 operates a 23,000 square foot office and medical testing laboratory and is now preparing for the construction of Phase II of their project, a 30,000 square foot addition. Goldline Controls, a high technology manufacturer, operates a 67,206 square foot facility and has recently begun the process of acquiring additional land for development of an addition. Seiferts MTM, an electronic manufacturing firm has constructed a manufacturing operation in a new 56,900 square foot facility. Emissive Energy, an emerging leader in the use of LED technology, has constructed 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 begun construction on another 30,000 square foot building in Keifer Park. Also in Keifer Park the State of Rhode Island and Hexagon Metrology have partnered in the construction for a 100,000 square foot manufacturing facility for Hexagon's Brown and Sharp Division, one of Rhode Island's oldest manufacturing firms.

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. General Dynamics/Electric Boat, with the recent addition of two new structures, a 43,000 square foot materials processing plant and a 4,500 square foot paint application facility and approval of plans for a 14,000 square foot addition that will connect two of their existing building, 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 contracts for large barges coming in at a sufficient rate as to drive both additional employment and the expansion of their facility. Toray Plastic of America a long time North Kingstown employer is in the process of seeking approvals to construct an addition to their existing facility. D.S. Nelson, a manufacturer of custom interior woodwork recently constructed a four-unit 22,000 square foot structure and has just started 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. Finally Commerce Park also houses the Rhode Island Army National Guard and Rhode Island Air National Guard installations both slated to expand and upgrade their facilities to better provide for their current missions and responsibilities.

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 QDC 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 QDC and further redevelopment is anticipated in this area including the potential realignment of Davisville Road. In order to streamline port operations the QDC has begun the process of finding a port operations management firm to oversee the Davisville Port. The port activities currently focus on automobile and seafood products.

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. West Davisville Realty 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. D.S. Nelson, also a tenant of Commerce Park, has begun construction of a three building multi-tenant industrial complex intended to serve as a business incubator by attracting small industrial operations. Marrinan Realty LLC, a promotional materials distributor has received approval for a 14,000 square feet office and warehousing structure to serve as a headquarters for its operations. 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 also 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 is seeking to construct additional buildings on their site to house small business uses. Two applications for small unit flexible space light industrial complexes to provide further growth capacity for the Town's industrial base and additional start-up space for local small businesses have been approved and are in the first stages of construction.

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 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 2/102 are the primary areas where the larger-scale commercial and shopping plaza uses have located in North Kingstown. 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. Post Road has a mix of retail stores, offices, restaurants and services one would expect in a typical commercial corridor.

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 Business Park is located along Post Road and the Quonset Development Corporation has negotiated a development agreement for a large parcel adjacent to Post Road identified as the Quonset Point Davisville Business Park gateway in the QDC Master Plan for mixed-use commercial/office development. Anticipated uses might include a hotel; retail that supports the industrial complex; and office uses.

Prime examples of recent development and redevelopment along Post Road are the U.S. Post Office's rehabilitation of a former supermarket; the construction of a Washington Trust Bank; Getty Petroleum demolished a former service station and completed construction of a gas station/convenience store; the redevelopment and construction of a "drive through" gas station/ convenience store on the site of a former Extramart; Brooks Drugs demolition of a former car dealer facility to make way for a modern pharmacy and convenience store; Bess Eaton Donuts (now Tim Hortons), rehabilitation of a former bank; and Kingstown Plaza, first constructed in 1961, investing \$500,000 in a clock tower, new signage and façade improvements. Additionally, Tarbox Motors completed substantial renovations of their facilities; Cingular Wireless has completed the development of a 5,000 square foot retail location on a long vacant lot; 7-11/ Citgo has constructed a convenience store and gas station on a previously undeveloped lot; 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, operates a 7560 square foot establishment and is seeking approval of an expansion. Seven Moons and Bay Leaves restaurants recently redeveloped two long time restaurant sites with interior and exterior renovations as well as site improvements. Further south in the US 1 corridor

Dave's Marketplace has completed construction of an 11,000 square foot expansion of an existing market that includes 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 has adopted a corridor plan for Post Road that will help guide development within the corridor in the future. 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.

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. Chaffee 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.

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. Currently the plans for this phase are being finalized with the project engineering and will include reconstruction of the roadway and sidewalks and installation of lighting and drainage improvements.

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 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 completed 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 and was accomplished through a collaborative effort involving the property owner, the town historic district commission and Rhode Island Historic Preservation and Heritage Commission. The same property owner is also refurbishing another property located on Main Street for commercial and office use and has received approval to construct a pedestrian connection between Main Street and Brown Street. Renovations are now complete on a former diner and office building both recently acquired by the same local businessman and another local businessman has converted a long time restaurant to commercial space. The renovated space is quickly filling up with the relocation of some businesses already in the village or new businesses to the new space.

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.

The town expects that the commercial sector will continue to grow, particularly in response to development at the Quonset Business Park. 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 construction of the final phases of the commercial development are expected to coincide with the development of a train

station on the site which will once more connect North Kingstown to points afar via rail. A 120,000 square foot Home Depot is now open on a site in the same vicinity with construction of a Dunkin Donuts and Washington Trust drive through automated teller on an adjacent parcel just completed. Approval for a shopping complex anchored by a Super Stop and Shop across from Home Depot has been granted and the project is in the initial stages of construction. BankRI has constructed a branch facility in the immediate area. Additional small retail development is also located along Boston Neck Road, particularly in the villages of Hamilton and Saunderstown and along the Quaker Lane portion of Route 2. On the South County Trail portion of Route 2 redevelopment of a Bald Hill Nursery Garden Shop is expected to provide an opportunity for additional commercial development.

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 same developer has recently completed a 2 building office complex directly across the street from The Meadows. 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. Office development along the Post Road corridor includes renovation of a former residence as an accountant's office (the first stage of a mixed use development that will ultimately include a mini-storage facility as well as a multi-tenant office building); reuse of a long vacant furniture store has been redeveloped for 30,000 square foot of office use; Koch Eye Associates renovation of a former restaurant into medical office space; and construction of a new 2700 square foot dental office by Dr. Thomas Vutech. Office development called for in the Executive Park area of the Quonset Point Davisville Industrial Park is expected to have a positive impact on the Town's stock of professional office stock in the future.

BUSINESS TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT TAX INCENTIVE

The Town Council adopted an ordinance in April of 1997, which allows a phase-in over a period of six years of the assessment on property located at the Quonset Point Davisville Port and Commerce Park. The phase-in applies to any new buildings, new structures, or new additions to existing buildings used essentially for offices, manufacturing or commercial enterprises. The phase-in is intended to help any commercial concern that is willing to locate at the Quonset Point Davisville Industrial Park as a new business to Rhode Island or for any existing business who are 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 1946. 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.

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. In November of 2000, the voters approved a \$4.0 million bond referendum, and in November of 2006, the voters again approved another \$4.0 million bond referendum for development rights and farmland acquisition. 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 on 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 an excise tax on motor vehicles.

Tax Limitations

Rhode Island General Laws Section 44-5-2 limits the amount by which a city or town may increase its tax levy in each year unless the city or town qualifies for certain exemptions relating to loss of non-property tax revenue, emergencies, payment of debt service and substantial increase in the tax base necessitating significant expenditures. Through and including its fiscal year 2007, the maximum amount by which a city or town can increase its tax levy is five and one-half percent (5.5%) in excess of the amount levied for the prior year. The maximum amount a city or town may levy in excess of the amount levied for the prior fiscal year is gradually decreased each year by one quarter percent (.25%) from five and one-half percent (5.5%) in 2007 to four percent (4.0%) in 2013.

If a city or town desires to increase its tax levy in excess of the maximum amounts contained in Section 44-5-2, it must be approved by the affirmative vote of at least four-fifths (4/5) of the full membership of the governing body of the city or town and, in the case of a city or town with 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, except as otherwise provided by or pursuant to law.

Motor Vehicle Phaseout Program

The General Assembly passed legislation during the 1998 Legislative Session that eliminated municipal authority to levy an excise tax on motor vehicles and trailers after fiscal year 2007. This legislative directive required 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. The legislation provided that the value of the exemption would increase each year until a full phase-out was reached in fiscal year 2007. The adopted Motor Vehicle Tax Phase-Out also froze 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 for fiscal year 2003 and thereafter at \$4,500. However, phase-outs occurring beyond fiscal year 2003 were subject to annual review and appropriation by the General Assembly. In 2005, the General Assembly increased the exemption for fiscal year 2006 and in 2006 the General Assembly increased the exemption for fiscal year 2007 to \$6,000. Any future increases in the phase-out must be 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 2002—2006.

	<u>12/31/2002</u>	<u>12/31/2003⁽²⁾</u>	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006⁽³⁾</u>
Real Estate	\$2,011,507,975	\$3,373,797,470	\$3,401,172,700	\$3,440,758,510	\$4,241,371,090
Personal Property	<u>313,965,027</u>	<u>305,843,062</u>	<u>336,340,637</u>	<u>353,051,142</u>	<u>353,993,266</u>
Total	\$2,325,473,002	\$3,679,640,532	\$3,737,513,337	\$3,793,809,652	\$4,595,364,356
Less Exemptions ⁽¹⁾	<u>136,310,757</u>	<u>154,036,444</u>	<u>169,029,676</u>	<u>186,435,620</u>	<u>196,728,452</u>
Net Total	\$2,189,162,245	\$3,525,604,088	\$3,568,483,661	\$3,607,374,032	\$4,398,635,904

Full Value Ratio of
Assessment

0.72	1.00	0.84	0.77	0.93
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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 \$29,167 to \$72,922; and Elderly Exemption for persons over age 65 with income for single person of \$21,054 and married couple of \$287,226 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
- (3) Full 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, 2006.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation</u>
Narragansett Electric Co	Utility	\$26,385,950	.70
WREC Precision Park LLC	Manufacturing and Warehouse	18,844,700	.50
Zakopane Real Estate Assoc Inc	Corporate Office & Warehouse	14,521,000	.38
Home Depot USA Inc	Building Supply Store	12,078,420	.32
New Plan Hunt River Commons LLC	Retail Plaza	11,617,500	.31
Wal-Mart Real Estate Business Trust	Retail Store	10,140,900	.27
Fujifilm Electronic Materials USA	Electronic Materials	8,851,770	.23
Millcreek Limited Liability Co	Apartments	8,120,030	.21
Heritage Village Associate	Apartments	7,673,300	.20
Meadows Professional Office	Office Condos	7,020,860	.19
Quidnessett Country Club Inc	Golf Course & Restaurant	6,843,790	.18
Essex Village Company	Apartments	5,967,520	.16
Toray Plastics America Inc	Polypropylene & Polyester Film	5,724,660	.15
Kingstown Plaza Limited Part	Retail Plaza	5,644,100	.15
Wickbay Properties Inc	Marina and Rental Property	5,354,660	.14
Kings Grant Co	Apartments	5,225,990	.14
Wickford Shipyard Inc	Marina & Boat Repair & Storage	4,996,500	.13
Slocum Woods Inc	Real Estate Developer	4,824,550	.13
High Lea Properties LLC	Retail Plaza	4,620,200	.12
S. County Nursing & Rehab Center Inc	Skilled Nursing & Rehab Service	4,514,080	.12
Cioe WJA1 LLC	Retail Plaza	4,481,100	.12
Wickford Village Realty LP	Apartments	4,312,700	.11
Stone, Don W	Real Estate Rentals	4,288,400	.11
West Davisville Realty Co LLC	Warehouse	4,108,300	.11
Goodwin & Sons	Fish Processing & Warehouse	3,493,400	.09

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

		<u>Assessed Valuation*</u>
Toray Plastics America	Polypropylene film, polyester film	\$38,098,700
Electric Boat Corporation	Submarine and hull components	\$19,496,025

*Agreed upon values upon which assessments are based.

Analysis of Property

The following table shows an analysis of taxable real and personal property in the Town, assessed as of December 31, 2005 and as reflected in the Tax Rolls for the fiscal year ended June 30, 2007:

Class	Percent of Total Real Estate and Tangible Property	
	Town	State
Residential	80.78%	80.03%
Commercial.....	8.73	10.31
Industrial.....	2.28	2.13
Utilities & Railroads	0.86	1.20
Motor Vehicles	6.97	5.69
Other	0.36	0.64
	100.00%	100.00%

Tax Rate, Levy and Collection Records

Fiscal Year	Actual Tax Rate ⁽¹⁾	Levy	Net abatements or Additions	Net Levy	Uncollected at Fiscal Year end	% Uncollected at Fiscal Year End
1994-95	\$19.26	\$29,127,597	\$ (286,734)	\$28,840,863	\$ 1,261,335	4.37%
1995-96	20.24	31,217,622	(180,296)	31,037,326	1,225,089	3.95%
1996-97	20.76	32,777,180	(102,849)	32,674,331	1,394,257	4.27%
1997-98	22.04	35,731,297	7,377	35,738,674	1,413,078	3.95%
1998-99	22.79	38,259,389	79,375	38,338,764	1,344,729	3.51%
1999-00	23.68	40,203,103	22,736	40,225,839	1,239,311	3.08%
2000-01	24.65	42,189,391	35,883	42,225,274	1,128,042	2.67%
2001-02	21.94	46,925,569	(39,896)	46,885,673	1,243,990	2.65%
2002-03	22.60	48,766,433	212,451	48,978,884	1,301,325	2.66%
2003-04	23.38	50,861,710	90,839	50,952,549	1,046,075	2.05%
2004-05	14.38	51,656,183	(132,741)	51,523,442	1,121,814	2.18%
2005-06	14.85	54,015,438	46,165	54,061,603	1,036,850	1.92%
2006-07 ⁽²⁾	15.55	56,991,563	(37,685)	56,953,878	1,190,538	2.09%

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

(2) Collected as of June 17, 2007

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, 2006 the Town had \$114,198 of debt outstanding subject to the 3% debt limit. The current 3% debt limit of the Town is \$131,959,077 is the net assessed valuation as of December 31, 2006 of \$4,398,635,904.

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, 2006 the total outstanding debt of the Town issued pursuant to special legislation outside the 3% debt limit was \$45,800,000.

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, 2002 through 2006 was as follows:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Obligation Bonds					
School	\$ 41,431,405	\$ 39,192,160	\$ 36,954,964	\$ 36,285,418	\$ 33,714,955
Public Facilities	4,405,526	\$ 4,092,191	\$ 3,778,856	3,474,246	3,171,780
Open Space	7,845,909	\$ 7,129,386	\$ 6,420,812	5,725,759	7,864,591
Library	849,560	\$ 799,474	\$ 749,388	699,429	649,334
Total G.O. Bonds	\$ 54,532,400	\$ 51,213,211	\$ 47,904,020	\$ 46,184,852	\$ 45,400,660
Enterprise Fund Bonds	1,035,056	912,869	785,428	652,409	513,538
Total Bonds	\$ 55,567,456	\$ 52,126,080	\$ 48,689,448	\$ 46,837,261	\$ 45,914,198

Actual Bonded Debt Service Requirements

<u>Fiscal Year</u>	<u>Existing Debt Service⁽¹⁾</u>		<u>This Issue of Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
6/30/2007	\$ 3,250,000	\$ 1,750,779	\$ -	\$ -	\$ 5,000,779
6/30/2008	3,140,000	1,640,239	-	91,714	4,871,953
6/30/2009	3,030,000	1,532,219	125,000	179,365	4,866,584
6/30/2010	3,005,000	1,423,611	130,000	171,078	4,729,689
6/30/2011	2,985,000	1,312,425	135,000	162,803	4,595,228
6/30/2012	2,855,000	1,200,974	140,000	154,553	4,350,526
6/30/2013	2,340,000	1,098,334	150,000	146,978	3,735,312
6/30/2014	2,325,000	1,000,806	155,000	140,348	3,621,154
6/30/2015	2,320,000	894,986	165,000	133,628	3,513,614
6/30/2016	2,310,000	788,651	170,000	126,550	3,395,201
6/30/2017	2,045,000	689,030	180,000	119,113	3,033,143
6/30/2018	2,035,000	594,440	190,000	110,538	2,929,978
6/30/2019	2,030,000	496,600	195,000	101,766	2,823,366
6/30/2020	1,510,000	411,588	205,000	93,516	2,220,103
6/30/2021	1,495,000	340,800	215,000	84,773	2,135,573
6/30/2022	1,290,000	274,063	225,000	75,476	1,864,539
6/30/2023	1,275,000	213,144	240,000	65,535	1,793,679
6/30/2024	1,255,000	153,056	250,000	54,906	1,712,963
6/30/2025	1,240,000	92,250	260,000	43,750	1,636,000
6/30/2026	1,225,000	30,625	275,000	32,047	1,562,672
6/30/2027	-	-	290,000	19,688	309,688
6/30/2028	-	-	305,000	6,672	311,672
Total	\$ 42,960,000	\$ 15,938,619	\$ 4,000,000	\$ 2,114,791	\$ 65,013,410

(1) Includes self-supporting recreation debt.

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
1996	23,786	\$ 1,542,372,324	\$ 10,925,000	\$ -	\$ 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	1,728,519,804	56,913,864	1,152,248	55,761,616	3.23%	2,118.12
2002	26,326	2,136,496,317	55,567,456	1,035,032	54,532,424	2.55%	2,071.43
2003	26,326	2,161,079,284	52,126,079	912,846	51,213,233	2.37%	1,945.35
2004	26,326	2,189,162,245	48,689,445	785,402	47,904,043	2.19%	1,819.65
2005	26,326	3,525,604,088	46,837,263	652,412	46,184,851	1.31%	1,754.34
2006	26,326	3,568,483,661	45,914,198	513,539	45,400,659	1.27%	1,724.56

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

(2) Net taxable assessed value.

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	4,000,000	—0—	—0—
534	2004	School Facilities	9,000,000	—0—	—0—	9,000,000
398 & 518	2006	Senior Center Complex	4,000,000	—0—	—0—	4,000,000
397 & 519	2006	Public Safety Facilities	4,500,000	—0—	—0—	4,500,000
399 & 517	2006	Open Space/Farmland/Dev Right	4,000,000	4,000,000	—0—	—0—
400 & 520	2006	Community Septic Syst Loan	2,000,000	300,000	—0—	1,700,000
Totals			\$38,850,000	\$ 10,010,000	\$ —0—	\$28,840,000

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 2002—2006. Set forth in Appendix B are audited financial statements for the fiscal year ended June 30, 2006.

Budgetary Procedures

The Town Charter requires the following process for adoption of the Town's annual budget. The preliminary preparation for the 2007—2008 budget actually began in September when capital budgets were submitted to the Manager by the department heads. In December, the department heads began work on their proposed operating budgets which were submitted to the Manager in January. During the months of January and February, the department heads met with the manager to discuss their requests.

The Library Board of Trustees and the School Committee were required by the charter to submit their budget requests to the manager not later than February 26, 2007.

STEP	DATE	CHARTER CONSTRAINTS
Proposed Budget	March 12, 2007	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 26, 2007	The Council has two weeks to give preliminary approval to the manager's budget which the Council may revise.
Public Hearing	April 16, 2007 and April 18, 2007	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 23, 2007	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	April 25, 2007	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 22, 2007	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 5, 2007	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 8:00 a.m. to 8:00 p.m.

Comparative Budgets (General Fund Only)

	Adopted Budget <u>2006/07</u>	Adopted Budget <u>2007/08</u>
<u>Current Revenue</u>		
General Property Tax ⁽¹⁾	\$11,607,328	\$12,146,567
Prior Year's Taxes	950,000	1,000,000
Interest and Penalties	225,000	240,000
State Revenues	4,354,028	4,649,470
Licenses and permits	98,695	98,650
Departmental Revenue	2,463,325	2,474,809
Property Rental	472,340	465,440
Investment Earnings	650,000	850,000
Miscellaneous	20,000	20,000
Payments in Lieu of Tax (PILOT)	1,768,473	1,757,527
Transfer from Q/D Recreation Fund	250,000	250,000
Transfer from Self Insurance Fund	<u>0</u>	<u>52,015</u>
Total Current Revenue	\$22,859,189	\$24,004,478
Prior Year Revenue	<u>870,000</u>	<u>671,000</u>
Total Estimated Available for Appropriation	\$23,729,189	\$24,675,478
<u>Estimated Requirements</u>		
Personnel Expenses	\$18,404,357	\$19,058,643
Non-Personnel Expenses	<u>4,967,275</u>	<u>5,050,573</u>
Total Ordinary Recurring Expenses	\$23,371,632	\$24,109,216
Major Capital Outlay	296,000	477,008
Contributions to Other Agencies	<u>61,557</u>	<u>89,254</u>
Total Estimated Requirements	\$23,729,189	\$24,675,478

(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 \$11,268,578 School Operations Aid during the fiscal year ended June 30, 2006 and expects to receive \$11,696,882 and \$11,696,882 for the fiscal years ending June 30, 2007 and June 30, 2008 respectively.

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, 2006 the Town received \$1,398,210 in school construction aid and expects to receive \$1,157,220 and \$1,172,898 in the fiscal year ending June 30, 2007 and June 30, 2008 respectively. 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. For the fiscal year ended June 30, 2006, the Town received \$1,014,310 in funding from the General Revenue Sharing program and expects to receive \$891,999 and \$1,014,310 in the fiscal years ending June 30, 2007 and June 30, 2008, respectively.

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>2003 Actual</u>	<u>2004 Actual</u>	<u>2005 Actual</u>	<u>2006 Actual</u>	<u>2007 Projected</u>
General Revenue Sharing	\$ 784,034	\$ 821,676	\$ 806,625	\$ 1,014,310	\$ 891,999
Telephone Tax	452,550	409,969	361,535	306,537	259,511
State PILOT (non profits)	5,908	8,265	8,301	6,631	6,836
Excise Tax Phase Out	2,180,209	2,180,209	2,179,062	2,341,148	2,478,693
Hotel, Meal & Beverage Tax	<u>8,581</u>	<u>215,041</u>	<u>403,193</u>	<u>380,000</u>	<u>425,000</u>
Total State Aid	\$ 3,431,282	\$ 3,635,160	\$ 3,758,716	\$ 4,048,626	\$ 4,062,039

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 and Notes 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" for the Bonds.

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 and Notes. 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.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

No Litigation Certificate

Upon delivery of the Bonds, the Town shall deliver or cause to be delivered a certificate of the President of the Town Council, the Town Treasurer and the Town Clerk, dated the date of delivery, to the effect that there is no litigation pending or, to the knowledge of such officers, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, and that neither the corporate existence nor the boundaries of the Town, nor the title of any said officers to their respective offices, is being contested.

Approval of Legality

The legality of the Bonds will be approved by Taft & McSally LLP, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Bonds will be delivered at the time of original delivery of the Bonds. The opinion will be substantially the form attached hereto as Appendix B. The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representations that they have independently verified the same.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Bonds, the Town will deliver a certificate of the Finance Director certifying that, to the best of her knowledge and belief, both as of its date and as of the date of delivery of the Bonds, this Official Statement does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading.

Financial Advisor

First Southwest Company is employed as Financial Advisor to the Town in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company may submit a bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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, therefor, 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, 2007, 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 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 Patricia A. Sunderland, Town of North Kingstown, 80 Boston Neck Road, North Kingstown, Rhode Island 02852, Telephone (401-294-3331).

The Town has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

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.

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/ Patricia A. Sunderland
Town Treasurer

Dated: July 12, 2007

TOWN OF NORTH KINGSTOWN
 Comparative Balance Sheets - General Fund ⁽¹⁾
 For the Fiscal Years Ended June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Cash & investments	\$ 13,628,643	\$ 17,022,271	\$ 15,663,454	\$ 14,954,301	\$ 16,144,905
Property, tax receivables	1,900,776	1,909,708	1,170,009	1,133,405	1,109,095
Federal, state grants receivable	270,567	373,071	375,066	668,649	304,868
Due from other funds	155,085	129,958	403,781	672,323	305,908
Other assets	152,163	156,071	176,568	172,037	166,158
Total	<u>\$ 16,107,234</u>	<u>\$ 19,591,079</u>	<u>\$ 17,788,878</u>	<u>\$ 17,600,715</u>	<u>\$ 18,030,934</u>
<i>Liabilities:</i>					
Accts. Payable, accrued expenses	582,066	774,971	823,161	821,420	937,500
Deferred revenues	3,610,976	3,816,560	3,060,316	3,937,147	3,253,393
Due to other funds	4,575,187	5,779,611	3,785,844	3,549,147	2,928,314
Other liabilities	402,927	583,586	531,281	565,505	828,391
Total	<u>\$ 9,171,156</u>	<u>\$ 10,954,728</u>	<u>\$ 8,200,602</u>	<u>\$ 8,873,219</u>	<u>\$ 7,947,598</u>
<i>Fund Equity</i>					
Fund balances:					
Reserved	1,089,535	1,566,317	1,148,088	1,419,288	773,094
Unreserved	5,546,543	7,070,034	8,440,188	8,307,409	9,310,242
Total fund balances	<u>\$ 6,636,078</u>	<u>\$ 8,636,351</u>	<u>\$ 9,588,276</u>	<u>\$ 9,726,697</u>	<u>\$ 10,083,336</u>
Total Liabilities & Fund Equity	<u>\$ 15,807,234</u>	<u>\$ 19,591,079</u>	<u>\$ 17,788,878</u>	<u>\$ 18,599,916</u>	<u>\$ 18,030,934</u>

(1) Prepared from audited financial statements.

TOWN OF NORTH KINGSTOWN

Comparative Statement of Revenues and Expenditures - General Fund ⁽¹⁾
For the Fiscal Years Ended June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues:					
Taxes	\$ 48,570,277	\$ 51,272,225	\$ 53,805,401	\$ 53,653,354	\$ 56,100,311
Intergovernmental/Departments	4,231,343	5,220,050	5,620,071	6,007,777	6,331,522
Local receipts	782,902	667,427	864,115	1,215,046	1,389,412
Total Revenues	<u>\$ 53,584,522</u>	<u>\$ 57,159,702</u>	<u>\$ 60,289,587</u>	<u>\$ 60,876,177</u>	<u>\$ 63,821,245</u>
Expenditures:					
General government	3,991,423	3,999,356	4,040,582	4,089,378	4,610,761
Public safety	10,037,113	10,108,995	11,290,558	11,531,311	12,532,831
Public works	3,521,915	3,294,564	3,936,763	4,238,446	4,122,524
Senior services	-	271,638	286,475	297,474	285,376
Parks & recreation	-	-	-	585,699	499,780
Human resources	788,645	-	-	-	-
Total Expenditures	<u>\$ 18,339,096</u>	<u>\$ 17,674,553</u>	<u>\$ 19,554,378</u>	<u>\$ 20,742,308</u>	<u>\$ 22,051,272</u>
Excess (deficiency) of revenues over expenditures	\$ 35,245,426	\$ 39,485,149	\$ 40,735,209	\$ 40,133,869	\$ 41,769,973
Other financing sources (uses)	(35,516,313)	(37,108,542)	39,189,690	(39,989,448)	(41,413,334)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (270,887)</u>	<u>\$ 2,000,273</u>	<u>\$ 951,925</u>	<u>\$ 138,421</u>	<u>\$ 356,639</u>

(1) Prepared from audited financial statements.

TOWN OF NORTH KINGSTOWN

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

TOWN OF NORTH KINGSTOWN
Comparative Statement of Changes in Fund Balance - General Fund
For the Fiscal Years Ended June 30,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Fund balance, July 1	\$ 6,906,965	\$ 6,636,351	\$ 8,696,351	\$ 9,588,276	\$ 9,726,697
Prior period adjustment	-				
Current year excess (deficiency) of revenues over expenditures	(270,887)	2,000,273	951,925	138,421	356,639
Fund balance 6/30/02	<u>\$ 6,636,078</u>				
Fund balance 6/30/03		<u>\$ 8,636,351</u>			
Fund balance 6/30/04			<u>\$ 9,588,276</u>		
Fund balance 6/30/05				<u>\$ 9,726,697</u>	
Fund balance 6/30/06					<u>\$ 10,083,336</u>

(1) Prepared from audited financial statements.

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2006**

Prepared By:

Finance Department

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
INTRODUCTORY SECTION:		
Letter of Transmittal.....		i – xxxix
Organization Chart.....		xi
List of Town Officials.....		xli
GFOA Certificate of Achievement.....		xlii
FINANCIAL SECTION:		
Independent Auditors' Report.....		1 - 2
Basic Financial Statements and Required Supplementary Information:		
Management's Discussion and Analysis		3 - 11
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets.....	A-1	12
Statement of Activities	A-2	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet.....	B-1	14 - 15
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-2	16 - 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2).....	B-3	18
Proprietary Funds:		
Statement of Net Assets	C-1	19
Statement of Revenues, Expenses and Changes in Net Assets.....	C-2	20 - 21
Statement of Cash Flows.....	C-3	22 - 23
Fiduciary Funds:		
Statement of Fiduciary Net Assets	D-1	24
Statement of Changes in Fiduciary Net Assets	D-2	25
Notes to Financial Statements		26 - 58
Required Supplementary Information:		
Schedule of Funding Progress for Pension Plan.....	E-1	59-60
Budgetary Comparison Schedule for the General Fund.....	E-2	61
Budgetary Comparison Schedule for the School General Fund.....	E-3	62
Notes to Required Supplementary Information.....	E-4	63-64
Other Supplementary Information:		
Non-major Governmental Funds:		
Combining Balance Sheet	F-1	65 - 81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	F-2	82 - 98

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
Non-Major Enterprise Funds:		
Combining Statement of Net Assets	G-1	99
Combining Statement of Revenues, Expenses and Changes in Net Assets	G-2	100
Combining Statement of Cash Flows	G-3	101
Private Purpose Trusts Funds:		
Combining Statement of Net Assets	H-1	102 - 104
Combining Statement of Changes in Net Assets	H-2	105 - 107
Agency Funds:		
Statement of Changes in Assets and Liabilities	I-1	108 - 109
Budgetary Comparisons:		
Budgetary Comparison Schedule for Library Fund	J-1	110
Budgetary Comparison Schedule for Debt Service Fund	J-2	111
Budgetary Comparison Schedule for Capital Reserve Fund	J-3	112
	<u>Schedule</u>	
STATISTICAL SECTION:		
Primary Government Net Assets by Component	1	113
Governmental Activities Changes in Net Assets	2	114
Governmental Fund Balances	3	115
Governmental Changes to Fund Balances	4	116
Tax Revenue by Source	5	117
Assessed Values and Actual Values of Taxable Property	6	118
Direct Property Tax Rates	7	119
Principle Property Taxpayers	8	120
Property Tax Levies and Collections	9	121
Water Sold by Type of Service	10	122
Water Tax Rates	11	123
Ratios of Outstanding Debt by Type	12	124
Ratios of General Bonded Debt Outstanding	13	125
Legal Debt Margin Information	14	126
Pledged Revenue Coverage	15	127
Demographic and Economic Statistics	16	128
Principal Employers	17	129
Full-Time Equivalent City Government Employees by Function	18	130
Operating Indicators by Function	19	131
Capital Assets Statistical by Function	20	132
School Building Information	21	133
Operating Statistics	22	134
SINGLE AUDIT SECTION:		
Schedule of Expenditures of Federal Awards		135
Notes to Schedule of Expenditures of Federal Awards		136
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		137 - 138
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		139 - 140
Schedule of Findings and Questioned Costs		141

(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

INTRODUCTORY SECTION



TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

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December 28, 2006

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, 2006.

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 licensed certified public accountant firm. 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, 2006, 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, 2006, 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.

PROFILE OF THE GOVERNMENT

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. 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 based on 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.

In accordance with the North Kingstown Home Rule Charter, the Town has established budgetary control for its General Fund, Library Fund, two Enterprise Funds, School Unrestricted Fund which is a Special Revenue Fund, School Capital Reserve Fund and Debt Service Fund. The Town Council adopts an annual operating budget for the General Fund. The School Unrestricted Fund and the School Capital Reserve are subject to an annual budget approved by the School Committee and adopted by the Town Council. The Library Fund budget is submitted by the Library Board of Trustees and adopted by the Town Council. All annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. Appropriations which are not expended or encumbered lapse at year end.

Under the Town Council's expenditure limitation, total expenditures cannot exceed the final appropriation within each budgeted fund, once the budget is adopted. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Town Manager has authority to make such transfers within departments. Any other transfers made outside the departmental level during the fiscal year require Town Council approval. The level at which all budgeted funds may not legally exceed appropriations is at the department level.

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's 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; Fuji Film (formerly 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; Goldline Controls; Emissive Energy; South County Nursing Center; Stop and Shop Supermarkets; and Home Depot.

Quonset Business Park

The centerpiece of industrial development in North Kingstown is the Quonset Business Park, which is operated by the Quonset Development Corporation (QDC). The industrial and commerce park complex contains 3000 acres of land; approximately 550 acres remain available for development. The park is actually composed of a number of smaller districts that are distinguished by their services and types of industry. Overall the 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 fifty four tenants employing more than 6363 full-time employees and 1605 part-time 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 1973 and the Naval Construction Battalion Center, 900 acres in size, was closed in 1994. The Town and the RI Economic Development Corporation (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 (now QDC) and is part of an interim master lease for the site. As a part of the Base Closure process, two hundred and 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, known as Allen Harbor Calf Pasture Point. The goal of the master plan is to establish Allen Harbor and Calf Pasture Point as a passive recreation area.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Business 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 Quonset Business Park calls for mixed industrial, commercial and waterfront uses. Bond referendums passed by Rhode Island voters have secured funds to enhance the existing freight rail system and other infrastructure improvements to the park including on going improvement projects to the internal roadways and public signage servicing the park. The Quonset Development Corporation is in the design stages of implementing these improvements, most notable of these projects are the construction of Cross Park Road linking the north and south portions of the park, the relocation of Davisville Road and the Quonset Bike Path. Construction is nearing completion on the relocation and improvement of Route 403, with the eastern section of this new highway now open. Route 403 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 day to day coordination between the Town and the QDC and ongoing efforts to ensure that the Town's Comprehensive Plan and the Master Plan for the park are consistent as well as the development of a separate element of the North Kingstown Comprehensive Plan devoted to the industrial complex.

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 operates a 23,000 square foot office and medical testing laboratory and is in the final stages of construction of Phase II of their project, a 30,000 square foot addition. Goldline Controls, a high technology manufacturer, operates a 67,206 square foot facility and has recently been approved for the construction of an addition. Seiferts MTM, an electronic manufacturing firm has constructed a manufacturing operation in a new 56,900 square foot facility. Emissive Energy, an emerging leader in the use of LED technology, has constructed a 30,000 square foot addition to their Keifer Park facility. Vantage Point Properties has completed a 43,000 square foot industrial building and a 30,000 square foot building in Keifer Park with a third structure currently in the design stage. Also in Keifer Park the State of Rhode Island and Hexagon Metrology have partnered in the construction for a 100,000 square foot manufacturing facility for Hexagon's Brown and Sharp Division, one of Rhode Island's oldest manufacturing firms.

Another area of the Park boasting significant current and anticipated growth is Commerce Park located at the heart of Quonset Point. Here existing park tenants and new arrivals continue to prosper. Among the expanded existing facilities are Ocean State Jobbers with a 104,000 square foot addition to their existing warehouse/distribution facility raising their total square footage to 978,188 square feet. Ocean State Jobbers is preparing to begin construction on the final phase of their warehouse, which will bring their total square footage to 1.5 million square feet. General Dynamics/Electric Boat, with the recent addition of three new structures; a 43,000 square foot materials processing plant, a 4,500 square foot paint application facility and a 14,000 square foot addition that will connect two of their existing buildings, continues to grow and remains the largest employer at Quonset Point/Davisville. SENESCO, a barge builder continues to grow and can be ranked as one of Quonset Point/Davisville's best success stories to date with contracts for large barges coming in at a sufficient rate as to drive both additional employment and the expansion of their facility. SENESCO was recently purchased by a larger firm but the barge

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Business Park (Continued)

building facility will remain in Quonset. Toray Plastics of America, a long time North Kingstown employer, has received approvals to construct a number of additions and upgrades to their existing facility. D.S. Nelson, a manufacturer of custom interior woodwork recently constructed a four-unit 22,000 square foot structure to house an expansion of the woodworking operation with the remaining units to act as an incubator for additional industrial growth. Also of note in Commerce Park are plans of Virginia Trucking to construct a corporate headquarters and service facility for their truck transport operation and UNETIX, a precision manufacturer already located in the park, to construct a new facility to house their operations. Finally, Commerce Park also houses the Rhode Island Army National Guard and Rhode Island Air National Guard installations both slated to expand and upgrade their facilities to better provide for their current missions and responsibilities.

The Executive Park area has a development proposal from a private investment firm, the New Boston Group, to develop the "Quonset Gateway" into a mixed-use office and service area to serve existing and future residents of the business park. Some level of groundbreaking is expected to begin in the spring of 2007. The current proposal is pending review before the Quonset Design Review Committee and will be seeking some level of approval in the winter of 2007.

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 to the area. NORAD, an automobile importer, continues to expand its activities at the Davisville piers. Adjacent to NORAD facility Little Allen Harbor is home to a number of marine related operations ranging from vessel maintenance, salvage, marinas and on land storage. Meanwhile, as the QDC 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 Town Public Works garage has been completed and is now open, housing the Department of public works. North Davisville appears to be a high priority for the QDC and further redevelopment is anticipated in this area including the potential realignment of Davisville Road. In order to streamline port operations the QDC has begun the process of finding a port operations management firm to oversee the Davisville Port. The port activities currently focus on automobile and seafood products with growth currently occurring and anticipated for both these uses.

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. West Davisville Realty 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. D.S. Nelson, also a tenant of Commerce Park, has completed construction of phase one of a three building multi-tenant industrial complex intended to serve as a business incubator by attracting small industrial operations. Marrinan Realty LLC, a promotional materials distributor has received approval for a 14,000 sf office and warehousing structure to serve as a headquarters for its operations. Other development options for the West Davisville area include the development of a Transient Orient Development (TOD), a mixed-use walkable village combining high-density residential and commercial uses in conjunction with a commuter rail train station. Proposals for this development will be further discussed in late 2007.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Other Industrial Development

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. Industrial activity is also 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 is seeking to construct additional buildings on their site to house small business uses. Two developments providing for small unit flexible space light industrial complexes to provide further growth capacity for the Town's industrial base and additional start-up space for local small businesses are in the final stages of the construction of their initial phases. Along Old Baptist Road a long time recycling operation has received approval to construct a building to house the recycling operation as well as provide three additional tenant units.

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 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 the intersection of Routes 4/102 are the primary areas where the larger-scale commercial and shopping plaza uses have located in North Kingstown. 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. Post Road has a mix of retail stores, offices, restaurants and services one would expect in a typical commercial corridor. The Town is currently in the process of implementing a number of recommendations of the Post Road corridor study that was recently conducted including potential revisions to the zoning regulations for the area, a study of possible expansion of sewer to portion of the corridor and aesthetic enhancements to the roadway. The Town has hired consultants to update the zoning regulations for the Post Road corridor as well as a consultant to study the feasibility and cost of allowing sewer service to the Post Road Corridor to foster additional commercial and residential development. This development will be in the form of village type "growth centers" with a strong design focus towards pedestrian scale and architectural improvements to encourage mixed use development, and less reliance on the automobile, and more use of alternative methods of transportation such as bike, walking, and public transportation either through the expansion of RIPTA services to the area and in conjunction with the planned commuter rail station at Wickford Junction.

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 Business Park is located along Post Road and the Quonset Development Corporation is in the design stages for a large parcel adjacent to Post Road identified as the Quonset Point Davisville Business Park gateway in the QDC Master Plan for mixed-use commercial/ office development. Anticipated uses might include a hotel; retail that supports the industrial complex; office uses and potentially residential uses. Prime examples of recent development and redevelopment along Post Road are the U.S. Post Office's

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

rehabilitation of a former supermarket; the construction of a Washington Trust Bank; demolition of a former service station and completed construction of a gas station/convenience store by Getty Petroleum; the redevelopment and construction of a "drive through" gas station/ convenience store on the site of a former Extramart; Brooks Drugs' demolition of a former car dealer facility to make way for a modern pharmacy and convenience store; Bess Eaton Donuts' (now Tim Hortons), rehabilitation of a former bank; and Kingstown Plaza, first constructed in 1961, investing in a clock tower, new signage and façade improvements. Additionally, Tarbox Motors completed substantial renovations of their facilities; Cingular Wireless has completed the development of a 5,000 square foot retail location on a long vacant lot; 7-11/ CITGO has constructed a convenience store and gas station on a previously undeveloped lot; 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, operates a 7560 square foot establishment and is just finishing construction of an addition. Seven Moons and Bay Leaves restaurants recently redeveloped two long time restaurant sites with interior and exterior renovations as well as site improvements. Further south in the US 1 corridor Dave's Marketplace has completed construction of an 11,000 square foot expansion of an existing market that includes 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 has adopted a corridor plan for Post Road that will help guide development within the corridor in the future. 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.

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. Chaffee Preserve at Rome Point, recently enhanced with the construction of an off road parking area, 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, Seven Moons, and Valuna Restaurant all of which redeveloped existing restaurant sites.

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, nineteenth, and early twentieth centuries. The Town

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

completed the first phase of improvement plans for Wickford, which included significant upgrades 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. Currently the plans for this phase are being finalized and will include reconstruction of the roadway and sidewalks and installation of lighting and drainage improvements. Municipal State and Federal funds have been earmarked for this project construction of which could begin as early as summer 2007.

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 more in keeping with the historic quality of the area. Centreville Bank operates 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 completed 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 and was accomplished through a collaborative effort involving the property owner, the town historic district commission and Rhode Island Historic Preservation and Heritage Commission. The same property owner is also refurbishing another property located on Main Street for commercial and office use and has received approval to construct a pedestrian connection between Main Street and Brown Street. Also in the village are two sites being considered for reuse. A former service station site is being considered for redevelopment as the new location of Wickford Package Store, an existing Wickford business. The project will allow expansion of this long time village business. Adjacent to the service station is a site formerly used as the Wickford Fire Station, which is being proposed for reuse as retail and office space. Renovations are now complete on a former diner and office building both recently acquired by the same local businessman and another local businessman has converted a long time restaurant to commercial space. The renovated space is quickly filling up with the relocation of some businesses already in the village or new businesses to the new space.

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 \$564,000 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.

The Town expects that the commercial sector will continue to grow, particularly in response to development at the Quonset Business Park. 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 construction of the final phases of the commercial development are expected to coincide with the development of a train station on the site which will once more connect North Kingstown to points afar via rail. A 120,000 square foot Home Depot is now open on a site in the same vicinity with a Dunkin Donuts and Washington Trust drive through automated teller

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

on an adjacent parcel. Approval for a shopping complex anchored by a Super Stop and Shop across from Home Depot has been granted and the project is well into construction, with the market slated to open in the near future. The plaza will also contain a Bank Newport Branch, Starbuck's Coffee Shop, and 3-5 other commercial tenants. BankRI has constructed a branch facility in the immediate area. Additional small retail development is also located along Boston Neck Road, particularly in the villages of Hamilton and Saunderstown and along the Quaker Lane portion of Route 2.

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 same developer has recently completed a 2 building office complex directly across the street from The Meadows. 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. Office development along the Post Road corridor includes renovation of a former residence as an accountant's office (the first stage of a mixed use development that will ultimately include a mini-storage facility as well as a multi-tenant office building); reuse of a long vacant furniture store has been redeveloped for 30,000 sf of office use; Koch Eye Associates' renovation of a former restaurant into medical office space; construction of a new 2700 sf dental office by Dr. Thomas Vutech; and conversion from restaurant to office use of the Former Red Rooster Tavern. Additionally two bank facilities are being proposed along Post Road and are currently under design. 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 stock in the future.

BUSINESS TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT TAX INCENTIVE

The Town Council adopted an ordinance in April of 1997, which allows a phase-in over a period of six years of the assessment on property located at the Quonset Point Davisville Port and Commerce Park. The phase-in applies to any new buildings, new structures, or new additions to existing buildings used essentially for offices, manufacturing or commercial enterprises. The phase-in is intended to help any commercial concern that is willing to locate at the Quonset Point Davisville Industrial Park as a new business to Rhode Island or for any existing business in North Kingstown 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 1946. 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. A second five year update is currently being prepared by the department.

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, respond to new State Enabling legislation, and incorporate conservation development 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 nearly 1,200 acres of land. An additional \$4.0 million bond referendum was approved by the voters in November 2000; funds in the 2000 Bond authorization were targeted for additional development rights acquisitions and in November 2006 a third \$4.0 million bond referendum was passed. It is anticipated that the 2006 bond, in conjunction with state and federal grant funds, will allow for protection through development rights acquisition of large tracts of land in the Groundwater protection areas and headwaters of the Saugatucket River. In addition, the North

MUNICIPAL PLANNING AND DEVELOPMENT (Continued)

Growth Management (Continued)

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. A second five year update is currently under development.

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 the Rhode Island Department of Environmental Management, U.S. Environmental Protection Agency, and the Town. The study provided the basis for a zoning amendment to further protect the Town's drinking water supply. The Planning Department is responsible for chairing the Town Technical Review Committee and coordinating the review of all subdivision, commercial, and industrial

MUNICIPAL SERVICES (Continued)

Planning Department (Continued)

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.

Additionally, the Planning Department serves as a resource to residents and property owners needing information regarding subdivision and land development regulations, zoning regulations, flood zones and other general land use issues. Frequently, when homeowner's seek minor variances from the Zoning

Board of Review and/or the Historic District Commission, the Planning Department staff is available to help the homeowner through the application and abutter notification process.

Assessor

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

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 employee (Program Assistant/Intern). This department provides services to all departments in the Town Hall, Annex, Senior Center, and Public Works, Police and Fire buildings as well as the School Administration Offices. These services include PC and peripheral installation, repair and maintenance, network infrastructure administration and development, database administration and development, administration and maintenance of Internet Protocol (IP) Telephony systems, and technical support and upgrades of all software applications. The IS Department is responsible for maintaining the Town's network infrastructure which consists of twenty five (25) servers, two hundred (200) workstations, 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) Virtual Area Network (VAN) 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) T1 connections for the DPW facility, and the North Kingstown Senior Center. This department is also responsible for maintaining and developing the Town's web site, and Geographic Information System (GIS).

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

MUNICIPAL SERVICES (Continued)

Leisure Activities Department (Continued)

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 42,000 rounds played there each year. The Marina consists of a public boat ramp and 168 slips and moorings. The department also serves as the liaison for the North Kingstown Arts Council. Calf Pasture Point, 215 acres of property surrounding Allen Harbor acquired from the Department of Interior, is being developed as a passive recreation area.

Library

The North Kingstown Free Library has been a municipal service of the town of North Kingstown since August 31, 1897 when the Town Council appointed a Board of Trustees to carry out the plan suggested in the will of C. Allen Chadsey, a prominent North Kingstown resident, who gave the town \$10,000 and a plot of land for establishing a Free Public Library. The 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. The seven-member Board of Trustees, appointed by the Town Council to staggered, three-year terms, governs the library and is responsible for the following: the library budget and finance, the personnel, the care of the property, policy-making and planning, and making rules and regulations for the governance of the library and the use of library materials.

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 five librarians, eight paraprofessionals, one clerical employee, two custodians, and three high school students work together to provide the high quality public service for which the North Kingstown Free Library has a statewide reputation. The library is open 62 hours each week, Monday through Saturday, including evening hours Monday through Thursday. When the library budget can support it, the weekly schedule includes Sunday afternoons in the winter months.

The collections of the North Kingstown Free Library number over 127,000 items including books, audio books, 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, the North Kingstown Free Library provides patrons with access to over four million items in 49 public library systems throughout Rhode Island. North Kingstown cardholders can also search 19 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, a separate 501c3 organization, as well other sources, the library conducts many free public programs and events for all age groups on a variety of subjects.

MUNICIPAL SERVICES (Continued)

Police Department

The North Kingstown Police Department is staffed by fifty (50) sworn personnel. Counted amongst the personnel are the Chief of Police and forty-nine (49) sworn police officers of various ranks. The civilian support staff includes three full time dispatchers, three part time dispatchers (weekends), three administrative secretaries, two full time records clerks, one part time clerk, one custodian and one mechanic. Also included within the operations of the police department are the services of Animal Control and Harbormaster Divisions. The personnel include: one Animal Control Warden, one Assistant Control Animal Warden, a full-time Harbormaster and two part-time seasonal Assistant Harbormasters. The police station is located at 8166 Post Road in the Public Safety Building, a location shared with North Kingstown Fire Department, Station-1. The office of the Harbormaster is located within the Police Department, with a patrol boat berthed at the Town Wharf, at the end of Main Street. Included in the responsibilities of the Harbormaster, he assists in the operation of the Allen Harbor Marina. The Animal Control Division is under the supervision of the Operations Commander of the Police Department; but primarily operates from the building located at 395 Hamilton Allenton Road, with transportation needs met by two vans.

The Police Department maintains operations 24 hours a day, seven days a week, providing services to approximately 26,000 residents, covering an area of approximately 45 square miles. To accomplish this task a fleet of twenty-one police vehicles is maintained, which include marked and unmarked cars and a four wheel drive SUV utilized for commercial vehicle enforcement and inclement weather. The patrol fleet, equipped with moving RADAR units, average approximately 500,000 miles a year. The combined efforts of the police personnel have provided for approximately 31,900 calls for service in 2005

The Police Department continues with its mission to ensure that police services are delivered in an effective and efficient manner – providing a quality of life for all residents and visitors free from the threat or fear of crime impacting their lives. Our goal is to accomplish this mission by employing contemporary methods and techniques, while remaining ever vigilant of the need to operate with the utmost regard for customer service.

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 inquiries, street sweeping, snow plowing, 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

MUNICIPAL SERVICES (Continued)

Public Works (Continued)

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.

The Transfer Station Division is responsible for the day-to-day operations of the Town's solid waste transfer station and the town's 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, mattresses and box springs, waste oil, batteries, tires, mixed paper, recyclable containers, leaf and yard waste. Fees are 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.

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. 380 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.

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 9,363 active accounts. In addition, North Kingstown also provides water to the Town of Narragansett and has emergency connections to both the City of Warwick and 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

MUNICIPAL SERVICES (Continued)

Water Department (Continued)

a peak summer demand of up to eight million gallons per day. The distribution system consists of 175 miles of water pipe, 1,017 fire hydrants, four (4) standpipes, and one (1) storage reservoir.

MUNICIPAL INITIATIVES FOR THE YEAR

Planning Department

North Kingstown received \$68,200 in Community Development Block Grant funds for use in the 2006-2007 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 \$28,000 dedicated to the Town's revitalization effort in the Davisville neighborhood; these funds will be used for septic system repair, assistance for a Town recreation program in the Davisville neighborhood; and a housing information program in the local school. The neighborhood revitalization funds represent year three of a second 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 began 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 provide assistance to two local social service agencies the Domestic Violence Resource Center and Welcome House of South County and two groups that are actively working to support affordable housing.

The Planning Department works to strengthen the Town's relationship with the Quonset Development Corporation (QDC), a component of the Rhode Island Economic Development Corporation (RIEDC), responsible for managing the business park. The Planning Department, along with the Town Manager, meets regularly with the staff of the QDC 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 QDC meets monthly to discuss pending projects. Over the past year, the Planning Department has worked with the QDC 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;

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

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 both residents and businesses within the proposed corridor.

During the past year the Planning Department worked with the Planning Commission on the adoption 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 worked 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 is now working with development applicants to incorporate these Healthy Landscape principals into their development proposals

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, and is in the process of updating the methodology used to update these fees as well as looking at the possibility of additional fees. An application to the U.S. Department of Interior for a 200-acre coastal 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 Planning Department worked with a consulting firm on the development of a Master Plan for this site and is now working with State and Federal Agencies on implementation of the Master Plan. The Cost of Community services prepared by the Planning Department is used to assess the impact of different land uses on the tax base and is a component of the Town's Growth Management Program.

The Planning Department completed 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. With the reduction of staffing for the Leisure Services Department, the Planning Department working with the Recreation Department and the Public Works Department are working 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.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

Also, the Planning Department was able to secure a grant from the RIDEM to support the development of a skateboard facility at McGinn Park and is now working with the Town Leisure Services Committee, the Town Recreation Department and a group of skaters and parents on development of the 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. The Town of North Kingstown through active strategies to protect farms, open space and the character of North Kingstown, has protected over 5,000 acres of land. Many of these properties have been preserved through joint ventures with property owners and state and federal environmental agencies. Since 2005 the town has protected 14 acres on Harrison Road through acquisition, the development rights to a 57 acre horse farm on Tower Hill Road, 9 acres on Gilbert Stuart Road located in the aquifer protection area, the development rights on 30 acres in the Quidnessett neighborhood, and is in negotiations to protect over 700 additional acres throughout the Town. These open space purchases were accomplished using grants and Town bond funds; grants from the Rhode Island Agriculture Preservation Commission, the Rhode Island Department of Environmental Management, the Water Resources Board, and the U.S. Department of Agriculture to assist in the acquisition. 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. These regulations were adopted by the Town Council and the Planning Commission in 2006 and are currently being implemented.

In addition to other supporting Town policies, the Town's cost of community service studies documented the advantage to the Town to keeping land open. During the past year, the Town secured a \$300,000 grant for the development rights to a large parcel in the groundwater protection area and a \$123,814 grant for redevelopment of Yorktown Park in addition to many other successful grant applications for the Town.

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.

The Town Planning and Public Works Departments have been working with State and Federal agencies and the Narragansett Bay Estuary Program with a goal of making water quality improvements to both Sawmill Pond and Sand Hill Brook. In October of 2006 the Town received notification that the State will award \$410,000 in natural resource damages fund to be used for water quality improvements in the area of Saw Mill Pond. These improvements will be based in part on the November 2005 Southern Rhode

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

Island Conservation District (SRICD) report, which identifies potential strategies and potential resources for water quality improvements to the pond. In addition, in October of 2006 the Planning Department again working in conjunction with SRICD submitted an application for State stormwater funding for a storm water management for pathogen reduction in the Sandhill Brook watershed feasibility study.

Affordable housing has been an important focus of the work of the Planning Department over the past few years. 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. The North Kingstown Affordable Housing Plan was adopted by the Town Council and The Planning Commission in November of 2004 and revised in June of 2005. The Town of North Kingstown, acting as the lead agency for an eight Town regional planning implementation study, received a grant award in the amount of \$158,909 to implement the Affordable Housing Plans of eight Southern and Washington County Towns. This grant will allow for the writing and adoption of the necessary ordinances and financial framework for the Towns to adequately address the needs of affordable housing in the southern portions of Rhode Island. In addition, during the last year the Planning Department and the Planning Commission has worked closely with several developers who will be providing for 20% to 25% of their residential development projects to be deed restricted affordable units.

Assessor

The Tax Assessor's Office has implemented a new tax billing system. This system is used to generate tax bills for real property, tangible business property, and motor vehicles. The Tax Assessor's Office supplied CAMA information to be used with the town's GIS program and for the Building Inspector's Permit Program.

Information Services

The Town Hall Annex, Police, and Fire server systems will be upgraded to Windows Server 2003 providing them with a more streamlined, secure, enterprise level operating system for their file, print, and database server.

An implementation of the land use software package GeoTMS for the Planning, Building Department, and Fire Marshal will provide the three departments with a centralized database for permit, zoning and fire ordinance tracking.

The IS Department will redevelop the Town's website by working with all town departments and use in house IT talent to design the new look and features.

The IS Department will begin the upgrade of town's 56K frame relay circuits to a 384k Virtual Area Network (VAN) to provide high speed access for our six (6) outlying facilities, North Kingstown Municipal Golf Course, two (2) remote Fire stations, Wilson Park Facility, Water Pump Station and North Kingstown Transfer Station.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Leisure Activities Department

In the Area of Geographical Information Systems (GIS) the IS Department will continue its efforts in working with departments like Water, Tax Assessor, Planning and DPW, to create new an improved mapping layers. An Internet Mapping Server (IMS) will be built to provide an internal web portal to give users the ability to create their own maps, and analysis utilizing town and state GIS data.

This year the Department continues to plan and implement improvements to the Golf Course. A new aeration core sweeper/utility vehicle was purchased, the preventative maintenance system was updated for all golf course equipment and new vehicles that will be purchased through Rolling Stock replacement program. At the Allen Harbor Marina, the Department is in the process of implementing Phase I Improvements for Allen Harbor Master Plan and has added 22 new slips, constructed the new sewer and is finishing the construction of the new restrooms. 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, were an expanded Tuesday Night concert series in July and August and this year's "Shakespeare at the Beach" that featured Mixed Magic Theatre's innovative *Bard to the Bounce: A Hip Hop and Shakespeare Experience*. The Programming was enhanced by donations, sponsorships and financial support from the Rhode Island State Council on the Arts.

Library

Fiscal Year 2005-06 was another successful and exciting year for library service in North Kingstown. The library served more than 178,000 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 five busiest public libraries in Rhode Island. The Library checked out more than 317,000 books, videos, talking books, language tapes, compact discs, and magazines from the collections. 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 47,000 patron questions at our three public service desks; more than 19,000 borrowers have NKFL library cards in the CLAN system; 56,533 library users connected to our Web page where they were able to conduct more than 68,000 searches using the online databases which the library makes available and more than 21,000 adults, teens, and children used the ten internet computers in the library during the course of the year. We took full advantage of sharing our resources with the other 49 public library systems in Rhode Island, borrowing more than 28,000 books and other materials from other RI public libraries for pick up here by North Kingstown library users and we loaned more than 44,000 items in our collections to cardholders of other RI libraries. The library arranged 421 public programs, which were attended by more than 12,000 adults, teens, and children.

The library received two grants from The Champlin Foundations—one in the amount of \$9,498 to purchase replacement computers and software through the CLAN system; and another, paid directly to the town, in the amount of \$32,500 for the partial cost of replacing the library's 31-year-old boiler. The library Trustees continued their commitment to the ongoing care and maintenance of the building and grounds by committing funds remaining from the 1998 capital campaign to improve the safety and security of the parking lot by repaving the driveway and parking lot and by creating pedestrian pathways

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Library (Continued)

through the center island. The landscaping of the center island is another aspect of the project that was made possible through the Trustees financial commitment and through the creativity and talent of landscape designers Linda Sollitto and Barbara Halavik, who donated a good portion of their services to the project. Additionally, the Trustees also committed funds to help with the boiler replacement, which will likely take place in Spring 2007.

As the result of the mid-year retirement of a long-serving para-professional employee, the library was able to begin to implement a long-range staffing plan that paves the way for future leadership transitions. By converting three para-professional/clerical part-time positions to professional librarian part-time positions, the library took the first step in creating career-track positions in order to recruit and retain capable, enthusiastic professional librarians who can grow into positions of senior leadership at our library as long-serving administrators and senior staff approach retirement age.

Police Department

The North Kingstown Police Department is in the process of installing a video surveillance system to monitor some of the town's infrastructure. The installation will address several initiatives, including:

- Installation of a core storage and retrieval system at police headquarters
- Installation of Rhode Island Department of Transportation – Traffic Management Center (TMC) interface and resource sharing capability
- Deployment of cameras at the police tower and Town Hall.

This project originated as one part of a grant from the Rhode Island Emergency Management Agency.

In response to a growing amount of crime being monitored and captured by video or digital surveillance from local businesses; The North Kingstown Police Detective Division purchased a forensic video analysis hardware and software system. The system provides for the viewing, enhancement and collection of several formats of media, which will then assist in the detection and prosecution of criminal offenses. The purchase was made possible by a Byrne Grant from the Rhode Island Justice Commission and supplemented by drug forfeiture funds. The addition of this new equipment is just another way to address crime more effectively and efficiently.

The North Kingstown Animal Pound was a recipient of \$6,900 in grant funding from *The Rhode Foundation*. The funding will assist in the cost to repair the cement flooring of the facility located at 395 Hamilton Allenton Road, bringing it into compliance with state code and recommendations.

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. Thirty-three town roads will be paved during the 2006-paving season.

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 are complete. Plans are currently at 75% design completion for improvements to Main Street. The RI Department of Transportation, CRMC, RI Historic Preservation and the Historic District Commission have

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Public Works (Continued)

all reviewed and given approval to the 75% design plans. The Belleville Pond Dam Rehabilitation project is underway. Northern Construction Service, LLC was awarded the contract to make the necessary repairs to the dam and work is expected to be complete by the end of 2006. The Public Works Department continues to work with Lincoln Environmental Inc. to implement the RIDEM approved Site Investigation Work Plans for the former Hamilton Allenton and Oak Hill Landfills. Results are expected in early 2007 and will be used to develop Enclosure Plans for both sites. This site investigation/enclosure

process is per the requirements of Section 5.0 of the RIDEM Closure Policy for Inactive or Abandoned Solid Waste Landfills.

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 U.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 32% 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 RI Resource Recovery Corporation offers an Incentive Grant Program to encourage cities and towns throughout the state to reach a minimum recycle rate of 20%. For 2006, RIRRC awarded \$300,000 in grant monies that was shared by 14 cities/towns that achieved a 20% recycling rate or better. The Town of North Kingstown received \$33,615.68 for its recycling program for a recycling rate of 32%. 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 Transfer Station completed its first year of operation this past June at its new site at 345 Devil's Foot Road.

Recreation

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

The Dance Program was enjoyed by about 30 children at their new location on the stage at Davisville Middle School while 150 third to fifth grade children attended Drawing Classes and 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 continue a high

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Recreation (Continued)

level of success was the Girls Field Hockey League, which attracted about 80 third to eighth graders. Some of these also had the opportunity to play games at other towns, moving the level of competition up a notch. Almost 180 girls stretched, vaulted and cart wheeled their way through our winter gymnastics program located at the High School.

This was our twelfth season to offer our little actors a chance to audition for a play directed by the Missoula Children's Theatre Performance. The instructors did a wonderful job of leading the 60 boys and

girls of all ages in "The Jungle Book". 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.

In concert with The Arts Council, "The Sound of Music" was also performed by about 80 boys and girls and was a near sell out at the High School Auditorium.

Yorktown Playground was where the children and families witnessed even more improvements. The old basketball court was removed from the middle of the field and was again made a grassy area and a new basketball area was placed near the playground equipment. Some much needed parking was also added. This was accomplished as a result of donations and grants.

Girls Softball was played by over 300 six to thirteen year olds and over 750 six to fifteen year old boys and girls playing basketball with over 200 of those participating at the tournament level. It was a very exciting year for the eight year olds who won the Cranston Tournament and finished a strong second in the RI State Tournament in North Providence.

A summer Tennis Ladder League was enjoyed by older teens and adults with another 125 six to thirteen year olds learning the skills in our instructional program. Volleyball was introduced to 30 sixth to eighth grade students.

The Teen Extreme Program for seventh through ninth grade students was again a huge success with 100% occupancy (42 per session for four sessions). They enjoyed kayaking, thrills at Six Flags, whale watching, para sailing, rock climbing and many other exhilarating adventures. The "Busy Bodies" Program is continuing to gain momentum. 250 of our 18 month to 5 year olds are learning coordination and social skills in the Cold Spring Community Center.

Yoga was offered to adults and high school students and an adult exercise program was also available.

North Kingstown School Department

The curriculum office headed by Director of Curriculum, Instruction and Assessment worked extensively with teachers in a wide range of curriculum areas and initiatives throughout the school year. The district continued implementation of a comprehensive seven-year curriculum cycle for the district. 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 as well as grade level expectations for the district in each subject area in grades kindergarten through twelve. Over the past ten years, the district

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

has 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 fourth phase of the second cycle. The Director of Curriculum, Instruction and Assessment has established and led a cadre of curriculum coordinators and classroom teachers in implementing an excellent system of curriculum renewal. Work continues in the development and implementation 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 2005 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. This improvement process has also been applied to educational support areas such as guidance, nursing and special education services. All schools have participated in very successful SALT visits. North Kingstown High School has also participated in a very successful accreditation visit by the Northeast Accreditation Association. 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. The high school guidance program was selected for recognition by the American School Guidance Counselors Association.

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.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

Systems to improve parent and community involvement continued in this fiscal year. These systems provide for the continuation of school advisory councils at each of the schools in the district and the continuation 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 eleven 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. North Kingstown is participating in a statewide pilot program to develop and implement a statewide data warehouse. We are looking at combining all data systems into one system that can compare and analyze all data collected by the schools.

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. The programmatic needs of all of our schools have been reviewed and a long term plan developed to address these needs. A bond issue to correct life and safety issues was approved by the voters and is in the process of being implemented. A modernization bond for Wickford Middle School and Davisville Elementary School has been proposed to go before the voters in March, 2007. While there is still more to do, these improvements of our infrastructure have resulted in a district with buildings and facilities that are among the best in the state. Parents and students take an active role in school beautification programs.

This past year, the district closed Wickford Elementary School and reconfigured the remaining elementary schools into four K-3 schools and two 4/5 schools. A pilot full day kindergarten program continues to be offered at Davisville Elementary School for the fourth year. The preschool special needs program operates at Davisville Elementary School. Fishing Cove continues to be used by the LINKS volunteer program and some district specialists.

Senior Services

The Department of Senior Services provides programs and services to older adults 55 and over, both at the North Kingstown Senior Center, and in the community. The senior center is nationally accredited by the National Council on Aging and serves as a "community focal point" for the following senior programs and services: nutrition (Seabreeze Dining and Meals on Wheels), transportation programs, social and

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Senior Services (Continued)

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 2005-2006 is 2,463. In 1997-1998 1,367 individuals received services, illustrating the growth in participation. Programming at the senior center is divided into health wellness and general programming. Over the past year 1,989 individuals participated in programs at the Senior Center.

The high increase in participation is attributable to the introduction of new programs, which attracted a new group of older adults coming into the senior center and an increase in participation in existing programs.

Transportation services made 7,064 calls, assisting 153 seniors, 22 more riders than last year. 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 21,198 meals were served through our federal meals program. Meals on site at our Sea Breeze Dining room served 10,579 meals over last year to a total of 352 individuals, an increase of 23 persons. Meals on Wheels served 79 homebound seniors with 10,619 meals.

Social Services (Outreach) assisted 537 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.

Water Department

Providing high quality and adequate quantity of drinking water is the paramount goal of the North Kingstown Department of Water Supply. Pump station plans and specifications for a new 750 gallon per minute well that will provide redundancy and flexibility in supplying water during times of high demand have recently been completed. These plans have been forwarded to the RI Department of Health for the necessary permits. A contract has been awarded for design and engineering services for the replacement of the Juniper Hill Standpipe and improvements to the Forge Road and Saunderstown standpipes. This effort has led to the discovery of lead contaminated soils at the storage tank sites and site investigation studies are underway in an effort to determine appropriate remedial alternatives. A Disinfection Pilot Study was initiated last year to test the use of Sodium Hypochlorite as a means of controlling bacterial growth in the Low Service Area of the distribution system. A report on the effectiveness of this chemical disinfectant is due this fall. The replacement of some of the oldest water main in the system is scheduled to be coordinated with the upgrades to Main Street in Wickford.

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 a second five year update is underdevelopment. As a part of the implementation program, the Planning Commission and Town Council adopted new regulations that 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 on development rights acquisition for another 420 acres of farm, forest, and open space during this next fiscal year.

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 Quonset Master Plan and Post Road Corridor Plan have been adopted as part of the town's comprehensive plan.

Regional efforts will continue to be a component of the work of the North Kingstown Planning Department. The Planning Department has taken 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 the second phase of 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. The Town also working in conjunction with the WCRPC, Gates Leighton and Associates and the Maguire Group on a regional study of the Route 1 corridor from Westerly to North Kingstown. This study will make recommendations for roadway improvement projects, future development options and ways to preserve the character of South County. This study is expected to be completed by the end of 2007.

FOR THE FUTURE (Continued)

Planning Department (Continued)

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, the Calf Pasture Point Master Plan, implementing the recommendations of the Post Road Corridor Plan, and construction of phase two of the Yorktown Park 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.

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, 2006 revaluation will be implemented for the 2007 tax roll. The goal of the state mandated triennial revaluations is to promote uniform assessments for all real property. The new valuations will be available to the taxpayers in February of 2007 and the revaluation company will allow taxpayers to discuss the new valuations at hearings that will be held in North Kingstown. The town's CAMA information will continue to be available on the web to allow the public easier access to all real property information.

Information Services

Fiscal year 2007 will bring many new technological endeavors and the completion of open projects.

During fiscal year 2007 the IS Department will acquire all the technological responsibility of the IT infrastructure at the Police Department, including servers, networking equipment, fuel management systems, workstations and peripherals.

Two new servers will be added to the IS infrastructure during fiscal year 07. Our web server will be upgraded to provide more space and processing speed for future web endeavors.

A new Domain Controller will be added to the Towns enterprise domain to provide more space, enterprise level security and performance.

A 40 workstation rollout will take place in fiscal year 07 to replace the older workstations in the town. The creation of an online training and technical support resources site will also become available for town staff to utilize for training and answers to technical support questions.

The land use application GeoTMS, will be expanded to provide Engineering and Assessors with access to the system. This will allow for Engineering to sign off on projects, and the Assessor to maintain owners and addresses.

GIS will continue to grow, with IS, Planning, Tax Assessor, Public Works and Water working together to create new layers such as edge of pavement and building footprints for the system. Phase II of the Internet mapping server will also take place adding additional modules such as Interactive mapping, intersection searches, measuring tools, and more granular search capabilities.

FOR THE FUTURE (Continued)

Information Services (Continued)

Phase II (upgrade) of the Virtual Area Network will be completed providing high speed services to North Kingstown Municipal Golf Course, two (2) remote Fire stations, Wilson Park Facility, Water Pump Station and North Kingstown Transfer Station.

Leisure Activities Department

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 docks for the new South-dock and G-dock networks at the Allen Harbor Marina continue Phase I improvements. The South-dock will be installed in the spring of 2006. 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 continues with wetlands mitigation and Phase 2 trails being the top priorities. Construction for the 1st Phase of improvements is scheduled for spring of 2006.

The Arts Council continues to add more programs to their schedule including a third "Shakespeare at the Beach" Festival, the building of a model of the historic Wickford Light and Master Classes for artists and amateurs. They continue to explore ways to raise additional funds for Arts programming such as sponsorships.

Library

The North Kingstown Free Library will continue to solidify its role as the "symbolic center of the community." The library serves every age group; every neighborhood; every income level; and every educational level. There are no qualifying factors that anyone has to meet to use the library; it is the one place in North Kingstown where the entire town can come together to build the common bond of community. Building community is the essential role that the public library fills in a municipality. The North Kingstown Free Library accomplishes this by being the one place, the one integrated municipal service that our citizens come to for information, education, culture, and recreation.

Our services and the tools we use to deliver them have changed markedly in the past twenty-five years and will continue to change in the years ahead. Our largest goal is to prepare the institution for that future by continuing to implement the long-range staffing plan to ensure an uninterrupted strong program of service in the future; by planning for and implementing technological upgrades that help us extend our service beyond the walls of the library and expand the capabilities of our users; by protecting and maintaining the building and grounds; and by responding to the changing needs of our users with regard to collections and services.

FOR THE FUTURE (Continued)

Police Department

The Police Department anticipates the new construction of an addition, which is approximately 5,100 gross square feet and will be located between the police and fire departments. The addition is based upon a design submitted by Edward Rowse Architects. The funding for this construction project includes monies in capital reserve, two federal grants – (2004-DD-BX-1179 / RIEMA 23-100-FY05) and a proposed bond referendum (11/06). The new addition will provide for the relocation of police and fire dispatch, police record's office suite – including the records archive room and the DARE office. The project provides for new heating and air conditioning systems for the addition as well as the existing police station. The lower portion of this addition will include a newly created Emergency Operations Center for the central coordination of Town services in the event of an emergency. The space created from these anticipated moves will provide for work stations for police officers, male and female locker rooms, needed office space for police staff, an interview room, a refurbished shooting range and additional storage. The project also provides for handicap access to the cell block and processing area.

In the interest of officer safety and as provided for in an agreement with The Town of North Kingstown and the International Brotherhood of Police Officers (I.B.P.O., Local 473); the police department will be seeking bids for the replacement of approximately fifty (50) bullet resistant vests which meet the standards of the National Institute of Justice – Threat Level II.

In our commitment to ensure that police services are delivered in an effective and efficient manner we will strive to maintain an aggressive training schedule for our police personnel. The areas of training include; annual firearms qualifications, use of force techniques and procedures, emergency motor vehicle operation, as well as other annual recertification's. As the community and societal expectations for police services change, we remain cognizant of this responsibility and the need for an ongoing review of policy and procedures to best meet the changes.

Public Works

Public Works continues to successfully oversee and inspect the numerous subdivisions under construction and related public improvements required by the Town's growth. 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 of North Kingstown continues to shine with its Maximum Recycling Program, as it was again named as having the highest diversion rate (32%) of recyclables to solid waste in the state.

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. The district is looking into the possibility of offering Chinese Language and Culture programs.

FOR THE FUTURE (Continued)

Senior Services Department

We continue to implement as many of the program choices listed in our 2003 Interest Survey as possible. While interest in programs is increasing, our space constraints necessitate limiting offerings and/or the number of individuals participating in certain classes. Participants are sometimes turned away from special events because of limited space. The Town Council asked the Asset Management Commission to consider the space needs of the senior center. As a result a Feasibility Study was conducted to address the senior center facility and an upgrade of the entire Town Beach campus. The result of this study was a recommendation by the Asset Management Commission to the Town Council that a new senior center be built on the grassy area where the Band Shell is currently located, as well as rebuilding the band shell over near the water, install a new concession stand, bath house, and recreation equipment. This recommendation was presented to the Town Council in January 2006 as part of the annual Capital Improvement Program. There is now a \$4 million dollar Bond on the November 7, 2006 ballot, which would authorize the Town of North Kingstown to finance new construction, renovations, additions, improvements and/or related equipment at the North Kingstown Senior Center Complex, Beechwood House, community center, and town beach.

The North Kingstown Senior Association (NKSA) continues to subsidize the majority of our ongoing programs as well as providing support for the planned new facility. Continued funding from Working Together for Wellness makes it possible to reach out to isolated elders, provide them transportation and engage them in an evening and other programs.

Planned improvements to Beechwood House, if the Bond passes, include replacing windows, boiler, repairing the roof, painting and other stabilizing renovations. In 2006-2007 the Department of Senior Services will reapply for Senior Center Accreditation by the National Council on Aging.

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. Design and engineering for necessary replacement of the Juniper Hill Standpipe and improvements to the Forge Road and Saunderstown Standpipes will be completed over the next few months. The department will begin to evaluate the condition of existing water mains to plan for upgrade and replacement. In addition, we are looking at developing a more comprehensive leak detection program.

Maintenance of the Town's 10 municipal wells is also of vital importance. Wells are inspected and flow tested on a yearly basis. All 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. In addition we are working to protect and acquire additional properties that have been identified as potential future well sites.

ACCOMPLISHMENTS

Planning and Development

The Planning Department prepared multiple successful grant applications over the past year. These grants included: the Yorktown Park project improvement grant in the amount of \$123,814, Recreation Land Acquisition grant in the amount of \$300,000, a Statewide Planning Challenge Grant in the amount of \$59,000 for the updating of the zoning for the Post Road Corridor, participating with the WCRPC on the regional corridor planning for Route 1 with a grant amount of \$113,650, and the Rhode Island Historical Preservation grant for \$36,000 to assist with improvements to the Town Hall. The Planning Department has also worked with congressional delegates to secure funding for the reconstruction of Post Road in the amount of \$600,000, and for a KELP grant for coastal land acquisition in the amount of \$750,000. The previous year, the Planning Department had 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. 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 past 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 phase two improvements for Yorktown Park 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. The Planning Department is now working on the next required update.

The Planning Department will prepare a grant application to the State Community Development Block grant program requesting \$400,000 for use in the community this upcoming year. In 2004 a three-year commitment of funds was 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.

ACCOMPLISHMENTS (Continued)

Information Services

The Town of North Kingstown's Department of Information Services continued its mission to provide new technological opportunities during fiscal year 2006. The Town Hall Annex server system was upgraded to Windows Server 2003 providing them with a more streamlined, secure, enterprise level operating system for their file, print, and database server. The IS Department also upgraded the Public safety server systems by migrating the Police Departments Computer Aided Dispatch System, files, images and printers to new Windows 2003 Server platforms. A Windows 2003 Server was also added to the Fire Department to act as a file and print server. An implementation of the land use software package GeoTMS for the Planning, Building Department, and Fire Marshal now provides the three departments with a centralized database for permit, zoning and fire ordinance tracking. These departments now have the capability to more efficiently control and schedule land development projects, and permitting by providing inspectors (Fire and Building) with handheld computers to record inspections and or violations in the field and upload this information to the database upon return to their offices.

The IS Department also reinvented the Town's website by working with all town departments and in house IT talent to develop the new look. Tools like the Secretary of States eTown Crier, GIS maps, electronics forms, and site search tools were added to provide additional online services to the residents.

This past year GIS in the IS Department has been thriving. As new mapping layers were being developed by working with departments like Water, Planning and DPW, higher end GIS tools like ArcView and ArcInfo were provided to users to give them the ability to edit and create their own maps with GIS data. A new Internet Mapping Server (IMS) was built and Phase I of the web application was released internally to the Town users. This web application allows users to search on parcels by parcel ID, street, house number or owner last name, and provide them with a map, which shows assessor information, dimensions, zoning and Aerial photos. This application also allows users to create their own abutters lists and mailing labels.

The IS Department worked with the Town Manager, Fire and Police to bring the North Kingstown Emergency Management Team a new tool for emergency management. Our Department worked with Town and State officials to implement WebEOC, an application that integrates Rhode Island Cities and towns into the State Emergency Management system to provide broader communications and resources during emergency situations.

The first stages of the 56K frame relay upgrade to a 384k Virtual area network was completed this year. The new lines were run to all six facilities and the main circuit was connected into the IS Department. Once completed, in Fiscal Year 07, this will provide greater bandwidth for our six (6) outlying facilities, North Kingstown Municipal Golf Course, two (2) remote Fire stations, Wilson Park Facility, Water Pump Station and North Kingstown Transfer Station.

Leisure Activities Department

The North Kingstown Municipal Golf Course, completed another successful season generating revenues in excess of 1.34 million dollars with over 42,000 rounds of golf played there 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 placed to improve the pace of play. Over 200 additional feet of existing docks at the Allen Harbor

ACCOMPLISHMENTS (Continued)

Leisure Activities Department (Continued)

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 Harley Concert were back by popular demand. The "Shakespeare at the Beach" series included Mixed Magic Theatre's innovative *Bard to the Bounce: A Hip Hop and Shakespeare Experience*. 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 \$5,500.00.

Library

There were many accomplishments of note in the fiscal year just ended. The successful budget process for the upcoming fiscal year allowed us to implement the first phase of our long-term staffing goals and to restore three-months of Sunday service within a responsible budget request. The driveway/parking lot project came to fruition with the help and cooperation of the Town's Public Works Department. The NKFL established solid communication with the town's two private neighborhood libraries—the Davisville Free Library and the Willett Free Library—by scheduling regular directors' meetings. We continued our strong commitment to the development of librarianship in the state through the participation of our librarians on the following statewide committees: R.I. Council for the Humanities; CLAN Steering Committee; CLAN Technology Committee; CLAN Database Management Committee; CLAN Circulation Committee; CLAN Reference and Childrens Issues Committee; State Publications Clearinghouse Advisory Committee; Young Adult Roundtable; and the State Children's Services Advisory Council. Along with the other 49 libraries in Rhode Island, we implemented the migration to a new software system, which has significant advantages over the previous system, largely in the system architecture and internal controls on the software.

Police Department

A long standing objective of the North Kingstown Police Department is not just to maintain a good relationship within the community – but also to find ways to improve that relationship. In an effort to meet this objective there has been the development of various programs and services, such as the Commercial Enforcement Unit, Neighborhood Watch Groups, T.E.A.R. – Traffic Education and Accident Reduction, Traffic Calming, Youth Services Bureau – Juvenile Hearing Board, School Resource Officers and DARE program.

On June 7, 2006 The North Kingstown Police Department received several awards from the Rhode Island Department of Transportation, Office on Highway Safety. The awards acknowledged the participation and contributions of the women and men of the North Kingstown Police Department in the area of traffic enforcement. The programs included

- Operation Blue RIPTIDE – The high visibility Driving While Intoxicated (DWI) campaign
- Click it or Ticket – Seatbelt Safety program – enforcement
- Local Speed Enforcement Program (T.E.A.R.)

ACCOMPLISHMENTS (Continued)

Police Department (Continued)

In recognition for these accomplishments the Police Department received a Portable Breath Tester (PBT) – utilized in the DWI investigations, a hand-held radar device, and a three thousand dollar grant for use in the area of highway safety.

In addition, AAA Southern New England presented North Kingstown with its 2005 *Silver Award*. The award is presented to the top three communities within Rhode Island for their work in the area of traffic enforcement. North Kingstown ranked second and received the *Silver Award* in recognition for the outstanding achievement in traffic safety and continued efforts to educate and protect the citizens of the community.

Due to advances in information technology the North Kingstown Police Department was able to benefit from some of the projects initiated by the State of Rhode Island, such as the Rhode Island Court Interface, electronic arrest warrants, both have allowed for timely and efficient sharing of information between the Rhode Island Court System and the law enforcement community. Other advances in technology include –

- Patrol car mobile data terminals – providing for a portable workstation to the patrol officer on the street. Allows for the writing of reports, sending and receiving of information between the police dispatcher and the police officer.
- Cogent CLS1 Livescan – a device used for the electronic capture and submission of fingerprints and related data to the Rhode Island Attorney General's Office (BCI) and onto the FBI. Electronic capture and submission allows fingerprint based criminal record checks to be received in minutes instead of months.

The Harbor Division, through the efforts of the Harbor Staff realized accomplishments in several areas, to include –

- The interim approval from Rhode Island Coastal Resource Management Council (CRMC) for North Kingstown's Harbor Management Plan – a task that has been in various stages for fourteen years.
- Procured a partial grant for the replacement of Wilson Park Boat Launching Ramp, anticipated completion date by late 2006.
- Procured a legislative grant for three (3) additional speed buoys in Greene's River. These buoys and increased patrols of the area resulted in a season without a single complaint of speeding or reckless operation.
- A new speed buoy in the vicinity of Wickford Shipyard resulted in a season without a single complaint of speeding in this congested area.

Our website (www.nkpolice.org) continues to be a source of public information. The information includes a listing of local, state, and federal Level III sex offenders; daily police logs and press releases. It provides for the down load of forms such as state accident reports, civilian complaints, and residential and business alarm contact information. Also Links for further assistance from the American Red Cross and Code RED®, an extremely high-speed telephone communication service available for local emergency notifications. The link allows for residents and businesses to add their information for inclusion of any emergency notification.

ACCOMPLISHMENTS (Continued)

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. Barbara Morse, a high school Math teacher, was selected as the fourth Rhode Island Teacher of the Year in the past ten years. The SmART (SPECTRA) program for the integration of the arts has been implemented in all of our elementary schools and extended into the middle and high school levels. In the past, Forest Park, Stony Lane and Quidnessett Elementary Schools were recognized for the Kennedy Center Creative Ticket award in recognition for their contributions to art education. Forest Park has been recognized as one of 300 Blue Ribbon Schools by the U.S. Department of 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. Gerry Foley was selected as Rhode Island High 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. A higher percentage of at risk students at the high school showed proficiency in the state assessments than students in the general population.

Dr. James Halley was selected as the 2007 Superintendent of the Year by the Rhode Island School Superintendent's Association and will compete for National Superintendent of the Year. Maureen Buck was named as the Top Business Official of the Year by the Rhode Island School Business Officials.

Senior Services

Center programming continues to involve an increasing number of older adults from the community each year. New programs included Italian language classes, Red Hat specialty programs and Fashion Show, Memoir Writing, Massage Therapy and the first annual Health Fair. Special events included a 30th Anniversary Dinner, which raised \$20,000 towards a new bus. Additional funds provided by the Town, the North Kingstown Senior Association, individual donors, and legislative grants secured by Senators James Sheehan, Michael Lenihan and Representative Ken Carter brought the total to our goal of \$70,734.00 to purchase a new bus. The bus will be on the road by December 2006. Other special events included a Senior Prom hosted by the North Kingstown High School Honor Society, and our Annual Picnic and Barbecue. AARP Tax Aide was held from February 1, 2006 to April 15, 2006 with three volunteers filing 201 tax returns.

Exercise programs offered through our department this year were: Tai Chi for Arthritis, PACE (People with Arthritis Can Exercise) Intermediate Fitness, Dancersize (at Beechwood and Essex), Yoga, Lo-

ACCOMPLISHMENTS (Continued)

Senior Services Department (Continued)

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: Newport Playhouse (3), Log Cabin (2), Providence Performing Arts (2), Sea Princess Cruise, Newport Dinner Train, West Valley Inn, and the Flower Show, to name a few.

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 our Volunteer Recognition Program held last April 250 volunteers were appreciated for over 8,000 hours of volunteer service.

Health Wellness programming continues to expand with use of our Health Room for nursing and other health services. Kent County Hospital, South County Hospital, Rhode Island College Student Nursing Program and Visiting Nurse Services each offer monthly health clinics including individual health counseling, blood pressure checks, and cholesterol and glucose screenings.

The Visiting Nurses introduced 'Telemedicine', a program that electronically transmits vital signs at the senior center to a health care professional and the participant's physician. This program monitors blood pressure, weight, pulse, and respirations with a report given to individuals at the monthly clinic. Our Flu Clinic held in October was well received: 717 people participated in the clinic; our normal clinics in previous years serviced approximately 450-500 adults. Volunteers pre-registered every individual to minimize wait times. In addition a pneumonia clinic was held in April.

Two Podiatrists offered Podiatry services in our health room. Special health services are also provided on site by other agencies such as educational programs on Alzheimer's disease, including support groups for caregivers, 'Life Strategies', a support group for seniors coping with loss and transitions, and Insight a support group for visually impaired adults.

The 'You Can' Program was introduced in cooperation with the U.S. Department of Health and Human Services Administration on Aging and the Rhode Island Department of Elderly Affairs, with programs for adults on healthier lifestyles through exercise and good nutrition.

The senior center has ongoing intergenerational programs involving youth and seniors. 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. We also invite students of all ages to perform musical programs throughout the year. Girl Scouts and Boy Scouts also help with many of our special events and projects.

This year the changes in Medicare and the introduction of the Medicare Drug Benefit starting in 2006 involved considerable staff time and training. Several community presentations on Medicare changes were held on this topic. This department reaches out to at-risk elders both at the senior center and in the community. Our Coordinator of Social Services received the Slocum Grange's Social Service Award during this year.

ACCOMPLISHMENTS (Continued)

Water Department

The water department continues to replace older water meters with new radio read technology to provide better data regarding water usage and allow for more efficient meter reading. The completion of plans for a new well (Well #11) will help to ensure the dependability of the water supply. The disinfection of the low service area has helped the department of water supply control seasonal bacterial regrowth in the distribution system and maintain compliance with the Total Coliform Rule.

North Kingstown Water continues our effort to provide information to customers on maintaining landscapes for clean water and encouraging water conservation practices. The Department prepares a quarterly newsletter called *The Puddle* to keep customers informed about water issues and provides water quality data to customer through voluntary quarterly monitoring of wells and storage tanks and through the distribution and posting of the Department's Annual Drinking Water Quality Report.

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, 2005. 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

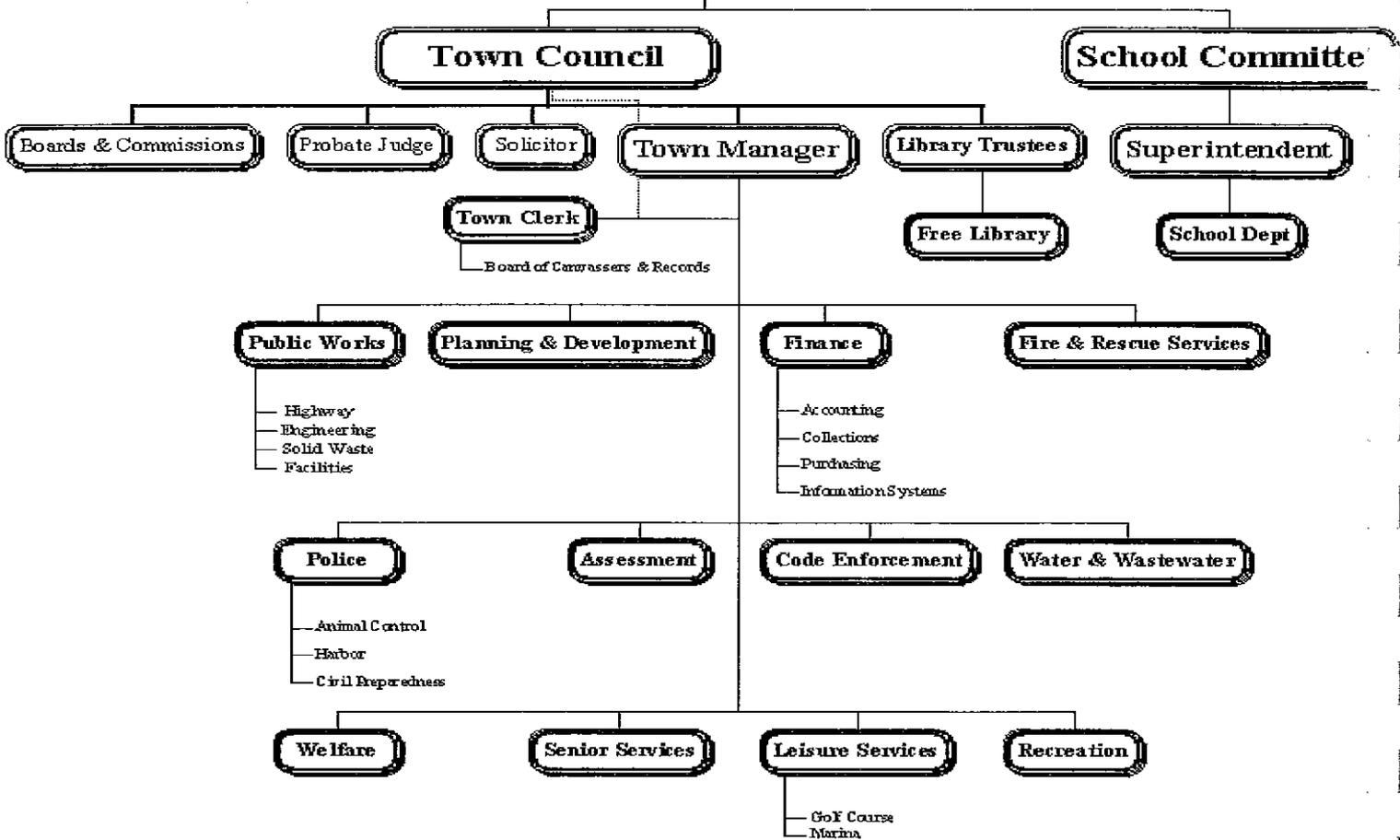
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Information Services, Contract and Purchase for their diligence and cooperation on a daily basis in carrying out the duties and responsibilities of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

Sincerely,

A handwritten signature in cursive script that reads "Patricia A. Sunderland".

Patricia Sunderland
Director of Finance

The People of the Town of North Kingstown



TOWN OF NORTH KINGSTOWN

TOWN COUNCIL

EDWARD J. COONEY – PRESIDENT
STEVEN CAMPO
ANTHONY F. MICCOLIS, JR
JOHN A. PATTERSON
EDWARD J. WHITAKER

SCHOOL COMMITTEE

DOUGLAS S. ROTH – CHAIRPERSON
MELVOID J. BENSON
FAITH RENEE COCKERILL
JANICE E. DEFRANCES
APRIL BRUNELLE
LARRY D. CERESI
KIMBERLY ANN PAGE

INTERIM TOWN MANAGER	CYNTHIA J. OLOBRI
TOWN SOLICITOR	JAMES H. REILLY
TOWN CLERK	JAMES D. MARQUES
ACTING TOWN CLERK/DEPUTY	JEANNETTE HOLLOWAY
ASSESSOR	LINDA CWIEK
DIRECTOR OF FINANCE	PATRICIA A. SUNDERLAND
CONTROLLER	BARBARA L. STRATE
DIRECTOR OF PUBLIC WORKS	PHILIPPE BERGERON
TOWN ENGINEER	DENNIS BROWCHUK
DIRECTOR OF RECREATION	ALLEN SOUTHWICK
DIRECTOR OF PLANNING	JONATHAN J. REINER
POLICE CHIEF	EDWARD A. CHARBONEAU
FIRE CHIEF	DAVID MURRAY
BUILDING OFFICIAL	GARY TEDESCHI
DIRECTOR OF WATER SUPPLY	SUSAN LICARDI
HIGHWAY SUPERINTENDENT	FORREST SPEARS
DIRECTOR OF SENIOR/HUMAN SERVICES	KATHLEEN M. CARLAND
ANIMAL WARDEN	MARY E. MACLAUGHLIN
HARBOR MASTER	MARK KNAPP
TOWN SARGEANT	BRUCE RENNER
LIBRARY DIRECTOR	SUSAN AYLWARD
MIS DIRECTOR	JASON ALBUQUERQUE
SCHOOL SUPERINTENDENT	JAMES M. HALLEY

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of North Kingstown
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



President

Executive Director

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

FINANCIAL SECTION



PRESCOTT·CHATELLIER
FONTAINE·WILKINSON·LLP
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS & FINANCIAL ADVISORS

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401 421 2710 telephone 401 274 5230 facsimile
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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, 2006, which collectively comprises 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, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2006 on our consideration of the Town of North Kingstown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis, historical pension information, and budgetary comparison information on Pages 3 through 11 and 61 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Kingstown, Rhode Island's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Town of North Kingstown, Rhode Island. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements and budgetary comparison schedules taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Russell Chatterin Farnham & Wilkinson, LLP

December 8, 2006

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, 2006 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 changed by approximately 54% from June 30, 2005 to June 30, 2006, increasing to approximately \$48.9 million.
- This year's change in net assets results for all Governmental Activities exceeded spending by approximately \$3.3 million an increase of approximately \$200,000 from the prior year's net asset change.
- Revenues for Business type activities exceeded spending by approximately \$600,000 for fiscal year 2006 and spending increased by approximately \$300,000 over fiscal year 2005.
- The General Fund reported a budgetary surplus this year of approximately \$1,877,101 million because revenues exceeded estimates in all major revenue categories.
- Fund balance had been appropriated to supplement the resources available for appropriation that were \$870,000 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-sector 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, the Quonset/Davisville Recreation Fund, and the School Cafeteria Fund. The Quonset/Davisville Recreation Fund is comprised of 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		
	2005	2006	2005	2006	2005	2006	
Current Assets	\$27,813,149	\$29,602,185	\$5,895,416	\$6,482,959	\$33,708,565	\$36,085,144	
Capital and Other Assets	46,894,082	60,022,585	5,373,287	5,348,932	52,267,369	65,371,517	
Total Assets	74,707,231	89,624,770	11,268,703	11,831,891	85,975,934	101,456,661	18%
Current Liabilities (payable from current assets)	8,563,145	7,211,601	735,351	859,653	9,298,496	8,071,254	
Non-current Liabilities	44,443,383	44,042,164	602,707	473,323	45,046,090	44,515,487	
Total Liabilities	53,006,528	51,253,765	1,338,058	1,332,976	54,344,586	52,586,741	-3%
Net Assets invested in capital assets, net of related debt	(1,469,025)	12,563,318	4,720,878	4,835,395	3,251,853	17,398,713	
Net Assets restricted	86,537	88,580	-	-	86,537	88,580	
Net Assets unrestricted	23,083,191	25,719,107	5,209,767	5,663,520	28,292,958	31,382,627	
Total Net Assets	\$21,700,703	\$38,371,005	\$9,930,645	\$10,498,915	\$31,631,348	\$48,869,920	54%

The Statement of Net Assets provides the perspective of the Town as a whole. The Town's combined total net assets increased by 54% between fiscal years 2005 and 2006 increasing to approximately \$48.9 million. (See Table 1).

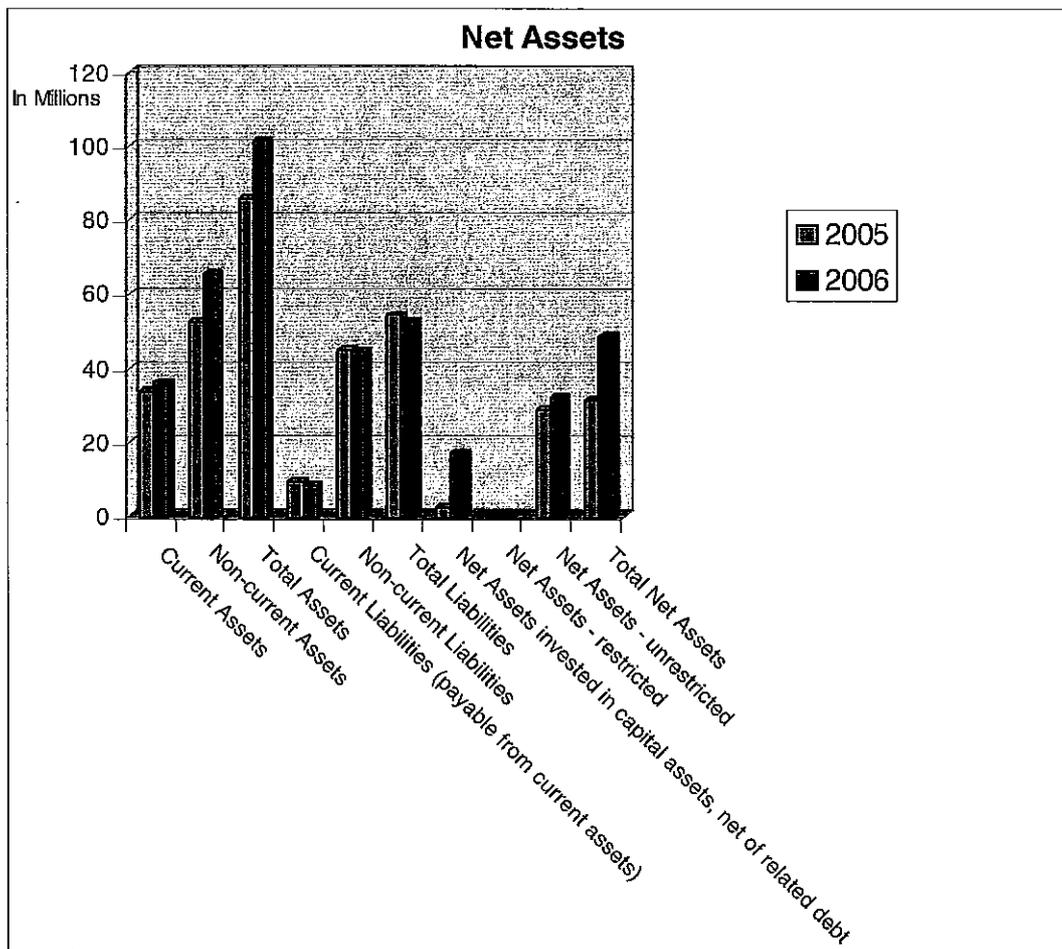
When looked at separately, the net assets of the Town's Governmental Activities increased by \$3.3 million overall. An increase of \$14,032,343 in the 2005 to 2006 deficit

balance in investments in capital assets, net of related debt, results mainly from the capitalization of development rights, additional bookings of capital assets and the paying down of debt during 2006. The investments in Capital Assets, net of related debt, balances for 2006 have a positive impact on the financial statements because the Town is now reporting its development rights for land acquisitions thus increasing the Town's overall net worth. Under GASB 34, the reporting of the Town's infrastructure is not mandatory for North Kingstown until fiscal year 2006/2007. The increase in the Current Assets by \$1.8 million from fiscal year 2005 to 2006 resulted from an increase in the amounts due from better than anticipated revenues for the fiscal year 2006.

The Net Assets of the Town's business type activities increased by approximately \$568,000 with unrestricted net assets contributing to the increase while offsetting a reduction in capital assets, net of related debt. 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 approximately \$500,000 for storage tank design and standpipe improvements and new well #11. The Town's Municipal Golf Course and Marina operations unrestricted net assets decreased by approximately \$20,000 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, 2006 compared to June 30, 2005.

Chart 1



Because the Town of North Kingstown is only reporting its development rights, and plan to bring the infrastructure assets on the books in 2006/2007, 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 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 will be completed in Fall 2006 and will be reported in the fiscal year 2007. 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 increased by \$2.8 million between 2005 to 2006 for governmental activities. A \$800,000 decrease in Program Revenues was attributed to the decrease in miscellaneous revenue from the sale of an old fire station. The fire station sold for approximately \$300,000. Another cause of the decrease is due to a large portion of residents refinancing their home mortgages in fiscal year 2005, therefore tax transfer activity was higher. The \$2.3 million increase in Operating grants and contributions is due to an increase in Farmland & Open Space Reserve and increased intergovernmental state aid and grant funded activities for education. The increase in General Revenues also related to increased in investment earnings due to higher rates of return paid for investments in 2006 and for increases in tax revenue that were raised for increased spending for Town and School employee pay and benefits in the School and General Fund. However due to strict enforcement of a budgetary cap, spending was up by \$270,000 overall. The business type activities faced the same increases for employee pay and benefits with spending for FY2006 up by \$300,000 but revenues also increased by \$400,000. Overall there was an increase in Net Assets of \$3.3 million in FY2006.

Table 2
Changes in Net Assets (in millions)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2005-2006
	2005	2006	2005	2006	2005	2006	
Program Revenues							
Charges for Services	\$ 6.8	\$ 6.0	\$ 5.3	\$ 5.6	\$ 12.1	\$ 11.6	-5%
Operating Grants & Contributions	17.0	19.3	-	0.3	17.0	19.6	15%
General Revenues							
Property Taxes	53.5	56.3			53.5	56.3	5%
Investment Earnings	.9	1.3	.1	0.2	1.0	1.5	50%
Intergovernmental Revenue	6.2	4.3			6.2	4.3	-31%
Miscellaneous & Other	.6	0.6	.1		.7	0.6	-14%

Total Program/General Revenues	85.0	87.8	5.5	6.1	90.5	93.9	3.8%
Expenses:							
Governmental Activities	82.1	84.8			82.1	84.8	3.3%
Business-Type Activities:							
Water			2.3	2.6	2.3	2.6	13.0%
Quonset/Davisville Recreation			1.3	1.3	1.3	1.3	-
School Cafeteria Fund			1.4	1.4	1.4	1.4	-
Total Gov't/Business Expenses	82.1	84.8	5.0	5.3	87.1	90.1	3.4%
Excess Before Transfers	2.9	3.0	.5	.8	3.4	3.8	11.8%
Transfers	.1	.2	(.1)	(.2)			
Increase in Net Assets	\$ 3.0	\$ 3.2	\$ 0.4	\$ 0.6	\$ 3.4	\$ 3.8	-9%

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 Public Works, Public Libraries and interest on long-term debt decreased while spending for other government activities increased. The net cost of services increased by \$1.1 million. General Government and Public Safety costs included increases for elections, legal expenses, salary and fringes for employees, fire call back and overtime pay due to less than minimum manning of firefighters, fire equipment and increased contributions to reserve funds. The total cost of Educational services increased from 2005 to 2006 by \$.9 million in addition to the net cost increasing by \$.8 million due mainly to contract negotiations for salaries and fringes.

Table 3

	Cost of Governmental Activities (in millions of dollars)					
	Total Cost of Services			Net Cost of Services		
	2005	2006	% Change	2005	2005	% Change
Education	54.7	55.6	2%	\$ 36.3	\$ 37.1	2%
General Government	6.2	6.6	6%	2.9	3.9	34%
Public Works	4.7	4.1	-13%	3.9	2.3	-41%
Public Safety	11.7	13.0	11%	10.6	12.1	14%
Public Libraries	1.2	1.1	-8%	1.2	1.1	-8%
Interest on long-term debt	2.1	1.8	-14%	2.1	1.8	-14%
Other	1.5	2.6	73%	1.3	1.1	-15%
Total Expenses	\$ 82.1	\$ 84.8	3%	\$ 58.3	\$ 59.4	2%

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 2007 leaving an unreserved fund balance of \$8,440,242 in the General Fund and \$816,558 in the School

Unrestricted Fund. The General Fund increased slightly by 4%. The major change in the School Unrestricted Fund is that 2006 ended with reservations for encumbrances of \$1,142,192 compared to only \$883,289 million being reserved for encumbrances on June 30, 2005. The fund balance of the non-major, governmental funds, increased mainly due to additional contributions the Health Insurance Reserve fund and the building up of Capital Reserve funds in reserve for future spending for capital "pay-as-we-go" projects.

Major Governmental Funds	Beg Fund Balance 2006	Ending Fund Balance 2006	Change \$	Change %
General Fund	9,726,697	10,083,336	356,639	4%
School Unrestricted Fund	1,186,753	2,097,663	910,910	77%
	10,913,450	12,180,999	1,267,549	12%
Other Governmental Funds	8,085,268	9,596,225	1,510,957	19%

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 2006	Ending Net Assets 2006	Change \$	Change %
Water Fund	8,163,905	8,841,932	678,027	8%
Q/D Recreation Fund	1,713,752	1,693,508	(20,244)	-1%
Total Major Funds Proprietary	9,877,657	10,535,440	657,783	7%
Non-Major Funds Proprietary	52,988	(36,525)	(89,513)	-169%

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)	Variance Positive (Negative)
General Government	\$ 4,266,257	\$ 4,221,534	\$ 4,156,548	\$ 64,986
Public Safety	12,296,282	12,435,283	12,369,495	65,788
Public Works	4,372,067	4,151,166	4,098,318	52,848
Recreation	390,215	396,715	382,437	14,278
Senior Citizens	302,500	287,500	286,606	894
Other	120,943	120,943	119,238	1,705
Total Expenditures	21,748,264	21,613,141	21,412,642	200,499
Transfers Out	42,327,705	42,531,295	42,531,295	-
Grand Total	\$ 64,075,969	\$ 64,144,436	\$ 63,943,937	\$ 200,499

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 \$1,676,602. Tax collections were under estimated by \$631,775 due to a better than anticipated collection percentage for all current year taxes and prior year taxes of real estate and motor vehicle receivables. A large increase of \$476,327 was attributable to the higher rate of return on investments in addition to an increase of \$273,516 of departmental revenue.

General Fund Revenues and Transfers In	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Difference
Property Tax	\$ 55,468,536	\$ 55,468,536	\$ 56,100,311	\$ 631,775
Intergovernmental	4,034,583	4,034,583	4,276,899	242,316
Licenses & Permits	515,345	515,345	539,812	24,467
Investment Income	325,000	325,000	801,327	476,327
Departmental	2,467,505	2,467,505	2,741,021	273,516
Other	20,000	20,000	48,201	28,201
Total Revenues	62,830,969	62,830,969	64,507,571	1,676,602
Transfers from fund balance	870,000	870,000	870,000	-
Transfers in	375,000	443,467	443,467	-
Total General Fund	\$ 64,075,969	\$ 64,144,436	\$ 65,821,038	\$ 1,676,602

The FY2006 budgeted tax revenues were based upon estimates that included a revaluation of all town property. Town uses a conservative approach when estimating tax dollar revenue to be generated. The collection rate was estimated at 97.4% while the actual collections achieved were 98% of the total levy. This surplus was offset by the estimate of \$127,000 for abatement based upon the prior year's experience and what was known to be potential abatements at the time. The actual abatement of taxes was over \$45,500. 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 \$82,100 a decrease of approximately \$16,800 from the previous year. The property revaluation resulted increases in taxable values of residential properties and reductions in taxable values of commercial and industrial property. The estimate for revenues from payments in lieu of taxes was higher than anticipated by \$277,000 due to an increase of tenants who are leasing space at the Quonset Business Park.

The balance of \$353,000 of tax revenue generated that exceeded budget was due to the higher than anticipated tax collection rate as explained above. 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. The numbers of real estate transactions recorded in land evidence were Realty Conveyance Stamp revenues that were received over budget by \$90,000 which is a direct relation to stability in mortgage rates. 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.

The State Aid for Meal and Beverage Tax exceeded budget by \$30,000. 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 \$10,000 for communication tower rental fees. Departmental revenues for the Transfer Station fees exceeded estimates by \$142,000 and the Code Enforcement permits exceeded estimates by \$18,000.

The Town of North Kingstown had \$45,400,659 in bonds outstanding at fiscal year-end, compared to \$46,184,849 last year, a decrease of \$784,190. Please refer to Pages 41 to 43 in the Notes for further information regarding outstanding debt. The Town of North Kingstown continued to carry a Moody's rating of "Aa3" and a Standard & Poor's rating of "AA-." As of June 30, 2006, the Town has \$10,640,000 in unused bonding authority. Under state law, the Town may not, without special statutory authorization, incur any debt that would increase its aggregate indebtedness to an amount greater than 3% of the taxable property of the Town. The Town's debt limit calculation is shown on Page 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 which the Town intends to comply with the requirement of the GASB reporting timeframe.

The fiscal year 2006 Budget was adopted to include a tax rate increase of .47 cents per thousand of assessed valuation. The Levy increased by approximately \$2,360,000 or a 1.45% 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.

For fiscal year 2007, the budget was adopted to include a tax rate decrease from \$14.85 per thousand of assessed value to \$15.55 per thousand. The levy increased by approximately \$3.0 million or 5.51%. As in the previous year, this increase was required to cover increased spending for personnel salaries and benefits. The fiscal year 2007 General Fund budget will remain at the same level as 2006 at \$870,000 to help reduce the tax rate increase.

The fiscal year 2006 rate of collection of current taxes was 97.93%. It is anticipated that the fiscal year 2007 rate of collection will be 97.9% while the rate used in the calculation of the tax rate allowed for 97.4%. Based upon this, the current projection is that tax collections will be over estimated by approximately \$268,000 for fiscal 2007. Additionally, it is projected that there will be revenues over estimate for FY2007 of \$160,000 in departmental revenues and \$400,000 in investment earnings. Overall, it is anticipated that the current estimates for revenues will exceed budget in the General

Fund by approximately \$915,000. However if that does not occur, spending for fiscal year 2007 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 58 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.

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TOWN OF NORTH KINGSTOWN*Statement of Net Assets
June 30, 2006*

	Governmental Activities	Business-type Activities	Total	Component Unit North Kingstown Free Library
ASSETS:				
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 26,352,839	\$ 5,675,829	\$ 32,028,668	\$ 170,955
Taxes receivable	1,109,095		1,109,095	
User charges receivables		545,340	545,340	
Other receivables	1,346,748	60,994	1,407,742	
Inventory		200,796	200,796	
Due from federal and state governments	793,503		793,503	
<i>Noncurrent Assets:</i>				
Deferred Charges on bond refunding, net of amortization	1,779,952		1,779,952	
Bond issuance costs, net of amortization	278,656		278,656	
Capital assets (as restated):				
Non-depreciable	21,936,829	584,470	22,521,299	
Depreciable, net	36,027,148	4,764,462	40,791,610	
TOTAL ASSETS	89,624,770	11,831,891	101,456,661	170,955
LIABILITIES:				
<i>Current Liabilities:</i>				
Accounts payable	870,987	427,342	1,298,329	
Claims payable	120,168		120,168	
Accrued liabilities	889,009		889,009	
Compensated absences payable	100,000	3,809	103,809	
Serial bonds payable	3,404,192	145,006	3,549,198	
Bond Premium, net of amortization	551,351		551,351	
Unearned revenue	447,503	249,267	696,770	
Other liabilities		34,229	34,229	
Escrow deposits	828,391		828,391	
Total Current Liabilities	7,211,601	859,653	8,071,254	-
<i>Noncurrent Liabilities:</i>				
Serial bonds payable	41,996,467	368,531	42,364,998	
Compensated absences payable	2,045,697	104,792	2,150,489	
Total Noncurrent Liabilities	44,042,164	473,323	44,515,487	-
TOTAL LIABILITIES	51,253,765	1,332,976	52,586,741	-
NET ASSETS:				
Invested in Capital Assets, net of related debt	12,563,318	4,835,395	17,398,713	
Permanently restricted for:				
Permanent funds	88,580		88,580	
Unrestricted	25,719,107	5,663,520	31,382,627	170,955
TOTAL NET ASSETS	\$ 38,371,005	\$ 10,498,915	\$ 48,869,920	\$ 170,955

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN
Statement of Activities
Year Ended June 30, 2006

A - 2

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	\$ 6,558,106	\$ 1,815,913	\$ 822,996	\$ (3,919,197)		\$ (3,919,197)	
Public safety	13,000,576	877,391	35,658	(12,087,527)		(12,087,527)	
Public works	4,116,279	761,671	1,012,565	(2,342,043)		(2,342,043)	
Parks and recreation	500,417			(500,417)		(500,417)	
Education	55,583,451	2,543,882	15,932,789	(37,106,780)		(37,106,780)	
Public libraries	1,055,453			(1,055,453)		(1,055,453)	
Other	2,131,144		1,536,297	(594,847)		(594,847)	
Interest on long-term debt	1,832,206			(1,832,206)		(1,832,206)	
Total governmental activities	84,777,632	5,998,857	19,340,305	(59,438,470)		(59,438,470)	
Business-type activities:							
Water	2,552,342	2,876,360			324,018	324,018	
Quonset/Davisville Recreation	1,329,769	1,659,252			329,483	329,483	
School Cafeteria fund	1,420,496	1,042,533	287,591		(90,372)	(90,372)	
Total business-type activities (See Note 2)	5,302,607	5,578,145	287,591		563,129	563,129	
Total	\$ 90,080,239	\$ 11,577,002	\$ 19,627,896	(59,438,470)	563,129	(58,875,341)	
Component Unit:							
North Kingstown Free Library	\$ 46,425		\$ 10,332			\$ (36,093)	
	\$ 46,425		\$ 10,332			\$ (36,093)	
General revenues:							
Property taxes				56,331,520		56,331,520	
Unrestricted investment earnings				1,330,547	175,205	1,505,752	3,292
Unrestricted intergovernmental revenue				4,276,607		4,276,607	
Miscellaneous				539,812		539,812	
Other				48,273		48,273	
Transfers				170,064	(170,064)		
Total general revenues and transfers				62,696,823	5,141	62,701,964	3,292
Change in Net Assets				3,258,353	568,270	3,826,623	(32,801)
Net Assets - beginning (as restated)				35,112,652	9,930,645	45,043,297	203,756
Net Assets - ending				\$ 38,371,005	\$ 10,498,915	\$ 48,869,920	\$ 170,955

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

**Balance Sheet
Governmental Funds
June 30, 2006**

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 16,144,905	\$ 2,695	\$ 8,394,148	\$ 24,541,748
Taxes receivable	1,109,095	-	-	1,109,095
Other receivables	166,158	569,263	611,327	1,346,748
Due from federal and state governments	304,868	-	488,635	793,503
Due from other funds	305,908	2,314,967	1,405,216	4,026,091
TOTAL ASSETS	\$ 18,030,934	\$ 2,886,925	\$ 10,899,326	\$ 31,817,185
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 309,684	\$ 518,989	\$ 205,593	\$ 1,034,266
Accrued liabilities	627,816	-	-	627,816
Due to other funds	2,928,314	270,273	734,243	3,932,830
Deferred revenue	3,253,393	-	363,265	3,616,658
Escrow deposits	828,391	-	-	828,391
TOTAL LIABILITIES	7,947,598	789,262	1,303,101	10,039,961
FUND BALANCES:				
Reserved for debt service	-	-	884,321	884,321
Reserved for encumbrances	773,094	1,142,192	-	1,915,286
Reserved for School Cafeteria fund	-	63,913	-	63,913
Unreserved:				
Designated for subsequent year's expenditures	870,000	75,000	-	945,000
Undesignated	8,440,242	816,558	-	9,256,800
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	2,935,006	2,935,006
Capital project funds	-	-	5,688,318	5,688,318
Permanent funds	-	-	88,580	88,580
TOTAL FUND BALANCES	10,083,336	2,097,663	9,596,225	21,777,224
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,030,934	\$ 2,886,925	\$ 10,899,326	\$ 31,817,185

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

*Balance Sheet
Governmental Funds
June 30, 2006*

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

Total Fund Balances (B-1)	\$ 21,777,224
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	57,963,977
Deferred charges, deferred bond issuance costs, and bond premium resulting from issuance of advanced refunding bonds. These charges have been included in the governmental activities in the Statement of net Assets	1,507,257
Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the funds.	(47,546,356)
Deferred revenues (net of an allowance for uncollectible) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	3,169,155
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.	1,760,941
Accrued interest payable is recorded in government activities, but is not recorded in the funds.	<u>(261,193)</u>
Total Net Assets (A-1)	<u>\$ 38,371,005</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

TOWN OF NORTH KINGSTOWN

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2006

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 56,100,311			\$ 56,100,311
Intergovernmental	4,276,607	\$ 12,721,346	5,294,559	22,292,512
Departmental	2,054,915			2,054,915
Licenses and permits	539,812			539,812
Investment income	801,327	8,118	467,985	1,277,430
Other	48,273	2,424,171	2,836,053	5,308,497
TOTAL REVENUES	63,821,245	15,153,635	8,598,597	87,573,477
EXPENDITURES:				
Current:				
General government	4,610,761		1,921,075	6,531,836
Public safety	12,532,831		24,216	12,557,047
Public works	4,122,524		35,979	4,158,503
Parks and recreation	499,780			499,780
Senior services	285,376			285,376
Education		51,572,384	3,280,034	54,852,418
Public libraries			1,223,869	1,223,869
Per trust agreements			101,657	101,657
Human resources			55,939	55,939
Debt Service:				
Principal			3,624,190	3,624,190
Interest and other costs			1,801,980	1,801,980
Capital:				
Capital expenditures			2,313,693	2,313,693
TOTAL EXPENDITURES	22,051,272	51,572,384	14,382,632	88,006,288

(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, 2006**

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	41,769,973	(36,418,749)	(5,784,035)	(432,811)
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issuance			2,840,000	2,840,000
Transfers in	1,129,793	37,329,659	5,738,064	44,197,516
Transfers out	(42,543,127)		(1,283,072)	(43,826,199)
NET OTHER FINANCING SOURCES (USES)	(41,413,334)	37,329,659	7,294,992	3,211,317
NET CHANGE IN FUND BALANCE	356,639	910,910	1,510,957	2,778,506
FUND BALANCE AT BEGINNING OF YEAR	9,726,697	1,186,753	8,085,268	18,998,718
FUND BALANCE AT END OF YEAR	\$ 10,083,336	\$ 2,097,663	\$ 9,596,225	\$ 21,777,224

(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, 2006*

<i>Net Change in Fund Balances - Total Governmental Funds (B-2):</i>	\$ 2,778,506
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.	(163,796)
Proceeds from issuance of long - term debt	(2,840,000)
Deferred charges, bond premium, cost of issuance and change in accrued interest	(99,293)
Decrease in liability for compensated absences	(162,972)
Principal payments made on long - term debt	3,624,190
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	231,209
Excess of internal service funds' expenses over revenues, reported as governmental fund activity.	(109,491)
	\$ 3,258,353
<i>Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)</i>	\$ 3,258,353

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

**Statement of Net Assets
Proprietary Funds
June 30, 2006**

	Enterprise Funds				Totals	Internal Service Funds
	Water	Quonset/Davisville Recreation	Non-major Enterprise Funds			
ASSETS:						
Current Assets:						
Cash and cash equivalents	\$ 4,731,507	\$ 915,744	\$ 28,578	\$ 5,675,829	\$ 1,811,091	
Water and sewer assessments and user fees, net	545,340	-	-	545,340	-	
Other receivables	-	3,449	57,545	60,994	-	
Inventory	120,593	34,746	45,457	200,796	-	
Total Current Assets	5,397,440	953,939	131,580	6,482,959	1,811,091	
Net Capital Assets, as restated	3,756,305	1,589,610	3,017	5,348,932	-	
TOTAL ASSETS	9,153,745	2,543,549	134,597	11,831,891	1,811,091	
LIABILITIES:						
Current Liabilities:						
Accounts payable	140,301	111,907	21,909	274,117	150	
Claims payable	-	-	-	-	50,000	
Due to other funds	4,012	-	149,213	153,225	-	
Deferred revenue	-	249,267	-	249,267	-	
Other liabilities	4,763	29,466	-	34,229	-	
Current portion of compensated absences payable	47,872	56,920	-	104,792	-	
Current portion of long term debt	114,196	30,810	-	145,006	-	
Total Current Liabilities	311,144	478,370	171,122	960,636	50,150	
Noncurrent Liabilities:						
Compensated absences payable	669	3,140	-	3,809	-	
Long-term debt, net	-	368,531	-	368,531	-	
Total Noncurrent Liabilities	669	371,671	-	372,340	-	
TOTAL LIABILITIES	311,813	850,041	171,122	1,332,976	50,150	
NET ASSETS:						
Invested in Capital Assets, net	3,642,109	1,190,269	3,017	4,835,395	-	
Restricted net assets	-	-	-	-	-	
Unrestricted net assets	5,199,823	503,239	(39,542)	5,663,520	1,760,941	
TOTAL NET ASSETS	\$ 8,841,932	\$ 1,693,508	\$ (36,525)	\$ 10,498,915	\$ 1,760,941	

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, 2006**

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
OPERATING REVENUES:					
Charges for usage and service	\$ 2,629,187	\$ 1,659,252	\$ 1,042,533	\$ 5,330,972	
Sundry sales and rentals	230,810			230,810	
Miscellaneous	16,363			16,363	
Total Operating Revenues	2,876,360	1,659,252	1,042,533	5,578,145	-
OPERATING EXPENSES:					
Operations	2,305,412			2,305,412	(30,527)
Golf course		394,846		394,846	
Pro shop		471,733		471,733	
Allen's Harbor		198,532		198,532	
School cafeteria			1,418,954	1,418,954	
Bad debts			80	80	
Depreciation	234,150	246,682	1,462	482,294	
Total Operating Expenses	2,539,562	1,311,793	1,420,496	5,271,851	(30,527)
OPERATING INCOME (LOSS)	336,798	347,459	(377,963)	306,294	30,527
NONOPERATING REVENUES (EXPENSES):					
Investment income	149,073	25,273	859	175,205	61,235
Federal grants			272,709	272,709	
State matching funds			14,882	14,882	
Interest expense	(12,780)	(17,976)		(30,756)	
Net Nonoperating Revenues (Expenses)	136,293	7,297	288,450	432,040	61,235
INCOME (LOSS) BEFORE TRANSFERS	473,091	354,756	(89,513)	738,334	91,762

(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, 2006**

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
Transfers:					
Transfers In	204,936			204,936	
Transfers (Out)		(375,000)		(375,000)	(201,253)
Total Transfers	204,936	(375,000)	-	(170,064)	(201,253)
CHANGE IN NET ASSETS	678,027	(20,244)	(89,513)	568,270	(109,491)
TOTAL NET ASSETS - BEGINNING	8,163,905	1,713,752	52,988	9,930,645	1,870,432
TOTAL NET ASSETS - ENDING	\$ 8,841,932	\$ 1,693,508	\$ (36,525)	\$ 10,498,915	\$ 1,760,941

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2006

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,916,446	\$ 1,662,526	\$ 1,019,938	\$ 5,598,910	
Cash paid to suppliers	(1,429,291)	(311,621)	(1,307,538)	(3,048,450)	
Cash paid to employees	(912,555)	(699,908)		(1,612,463)	
Cash paid for claims					\$ (35,161)
Cash paid for other operating expenses					(4,419)
Net cash provided by (used for) operating activities	574,600	650,997	(287,600)	937,997	(39,580)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(206,434)	(251,505)		(457,939)	
Principal paid on bonds	(108,063)	(30,808)		(138,871)	
Interest paid on bonds	(12,780)	(17,976)		(30,756)	
Net cash used for capital and related financing activities	(327,277)	(300,289)	-	(627,566)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Federal grant receipts			272,709		
State matching funds receipts			14,882		
Transfer from other funds	204,936	-			
Transfer to general fund	-	(375,000)		(375,000)	(201,253)
Net cash provided by (used for) noncapital financing activities	204,936	(375,000)	287,591	117,527	(201,253)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	149,073	25,273	859	175,205	61,235
Net cash provided by investing activities	149,073	25,273	859	175,205	61,235

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2006

	Enterprise Funds					Internal Service Funds
	Water	Quonset/Davisville Recreation		Non-major Enterprise Funds	Totals	
		981	850			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	601,332	981	850	603,163	(179,598)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,130,177	914,763	27,728	5,072,668	1,990,689	
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,731,509	\$ 915,744	\$ 28,578	\$ 5,675,831	\$ 1,811,091	
<i>Reconciliation of operating loss to net cash provided by (used for) operating activities:</i>						
Operating income (loss)	\$ 336,798	\$ 347,459	\$ (377,963)	\$ 306,294	\$ 30,527	
Adjustments to reconcile:						
Depreciation	234,150	246,682	1,462	482,294		
Decrease (increase) in accounts receivable	40,087	3,273	(22,595)	20,765		
Decrease (increase) in inventory	(8,695)	2,081	1,470	(5,144)		
Increase (decrease) in accounts payable	(28,409)	9,173	(24,412)	(43,648)	(70,107)	
Increase in deferred revenue	-	37,584		37,584		
Increase (decrease) in compensated absences payable	669	3,141		3,810		
Increase (decrease) in other liabilities	-	1,604	134,438	136,042		
Net cash provided by (used for) operating activities	\$ 574,600	\$ 650,997	\$ (287,600)	\$ 937,997	\$ (39,580)	

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Police Pension Trust	Private Purpose Trust Funds	Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 95,134	\$ 30,842	\$ 1,106,000
Securities investments	3,384,910	-	-
Other receivables	-	-	59,965
Total assets	\$ 3,480,044	\$ 30,842	\$ 1,165,965
LIABILITIES:			
Due to student groups	-	-	\$ 294,166
Payroll withholdings	-	-	161,689
Deposits held in custody for others	-	-	710,110
Total liabilities	\$ -	\$ -	1,165,965
NET ASSETS:			
Reserved for principal	-	30,842	-
Reserved for employee retirement	3,480,044	-	-
Total net assets	\$ 3,480,044	\$ 30,842	\$ -

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2006**

	<u>Police Pension Trust</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS:		
Investment income:		
Interest, dividends and gains	\$ 127,849	\$ 192
Net increase (decrease) in fair value of investment	(174,887)	-
Total investment earnings	(47,038)	192
Less investment expense	(18,629)	-
Net investment earnings (loss)	(65,667)	192
DEDUCTIONS:		
Benefits paid	(253,999)	-
Administrative expenses	(6,767)	-
Total deductions	(260,766)	-
CHANGE IN NET ASSETS	(326,433)	192
Net Assets - beginning	3,806,477	30,650
Net Assets - ending	\$ 3,480,044	\$ 30,842

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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.

The following entities were considered for classification as component units for fiscal year 2006:

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Town of North Kingstown is able to impose its will on the component unit and is in relationship of financial benefit and burden with the potential component unit. 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 June 6, 2006, for their fiscal year ended December 31, 2005. 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. 42 – Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. The adoption of this Statement did not have an effect on the Town's financial statements or results of operations.

The Town has implemented GASB Statement No. 46 – Net Assets Restricted by Enabling Legislation an amendment of GASB Statement No. 34. The adoption of this Statement did not have an effect on the Town's financial statements or results of operations.

The Town has implemented GASB No. 47 – Accounting for Termination Benefits. The adoption of this Statement did not have an effect on the Town's financial statements or results of operations.

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

- ✓ 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, 2009.

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, 2006

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, 2006**

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
- Payroll Fund
- Perkins Vocational Ed
- School 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, 2006

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

Fund Brief Description

Non-Major:

Special Revenue: Beachwood House Senior Center Equipment Escrow, RI Water Resource Board Supplier, 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, State Elderly Affairs Grant, State Grants – Police Department, Seized and Forfeited Property Escrow, Local Law Enforcement Block Grant, Groundwater Education Donation, RI Resource Protection Project, 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, RIDEM Potowomut Pond Clean-up, Fire Department Legislative Grant, Operation Drug Dog, 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, School Public Law 94-142, School Title I, School Title V, School Title II, Drug Free Schools, School Title II Technology, School Title III LEP, School Preschool Services, Perkins Vocational Ed, Comprehensive School Reform, School NEA Learning & Leadership, Comprehensive School Reform, School Child Opportunity Zone Family Center, School Substance Abuse, School Child Opportunity Zone Tutorial Homeless, School Literacy Set-Aside, School Even Start Family Literacy, School RI Electronic Portfolio System, NKHS Living Democracy, Consortium Student Info System, Emergency Response Plans, School COZ Miscellaneous Donations, School Adult Education Fund, School Summer School Fund, School Sports Camp, Champlin, Medicaid, SAELP Demonstration Site, RI Parent Info Network, School Sport Camps, Information Technology Services, Recreation Escrow, Parade Committee, Wilson Park, Retirement Allowance Reserve Fund, Health Insurance Reserve, Ann Ward Wallou Memorial Garden, Old Library Park, Senior Citizens Center, Senior Citizens Bus Gasoline Escrow, Arts Council, Senior Outreach Escrow, Project Dare, Fireworks Donation, Leisure Services Brochure.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Debt Service Fund:	Debt Service Fund, FY 2005 Refunding
Capital Projects:	6M Public Facilities Plan Bond, 9M School Renovations Bond, Farmland & Open Space Reserve, Farmland Preservation Bond, Capital Reserve, School Capital Reserve.
Permanent Funds:	Tri-Centennial Park, 400 th Anniversary, School Updike Fund, Henry Reynolds Indigent Care, School Updike Fund, School Gardiner Fund, School Library Fund, School Tennis Fund, Henry Reynolds Outside Poor Fund, Veterans Memorial Scholarship, 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.
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, Cogan, Jones.
Enterprise Funds:	Quonset/Davisville Reserve Fund, School Lunch Fund
Internal Service Funds:	Workers Compensation, Self Insurance Property Damage

Measurement Focus

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

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

Measurement Focus (Continued)

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, other receivables 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, 2006. Major receivable balances for the governmental activities include property taxes and intergovernmental receivables (34% and 24%, respectively of total governmental receivables). Business-type activities report service fees as its major receivables.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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. For fiscal year June 30, 2006, investments are disclosed in accordance with GASB No. 40, *Deposits and Investment Risk Disclosures*.

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, 2006**

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, 2006, 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.

Bond Issuance Costs

Bond issuance costs are amortized on a straight-line basis over 20 years. The total bond issuance costs as of June 30, 2006 were \$306,777. The accumulated amortization through June 30, 2006 was \$28,121.

Deferred Charge on Bond Refunding

The deferred charge on refunding is amortized on a straight-line basis over 20 years. The total deferred charge on refunding as of June 30, 2006 was \$1,890,215. The accumulated amortization as of June 30, 2006 was \$110,263 in accordance with GASB Statement 23.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

In the government-wide financial statements, unearned revenue represents 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), unearned revenue include property tax receivables which are assessed on December 31, 2004 and prior and are not collected within 60 days of June 30, 2006. Net unearned taxes included in the fund financial statements were \$612,532.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

Equity Classifications

Government-Wide Statements

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

- (a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$163,796 difference are as follows:

Capital outlays (net of disposals).....	\$ 1,612,455
Depreciation expense	<u>(1,776,251)</u>
Net adjustment.....	<u>\$ (163,796)</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this (\$99,293) difference are as follows:

Increase in accrued interest.....	\$ (30,226)
Amortization expense	<u>(69,067)</u>
Net adjustment.....	\$ <u>(99,293)</u>

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 \$57,000,000. As of June 30, 2006, the Town had \$543,541 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, 2006 was as follows:

	<u>PRIMARY GOVERNMENT</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities (as restated):</i>				
<i>Capital assets not being depreciated:</i>				
Library collections	\$ 2,912,429	\$ 268,283	\$ (27,945)	\$ 3,152,767
Land	5,372,113	-	-	5,372,113
Developmental rights	13,411,949	-	-	13,411,949
<i>Total capital assets not being depreciated</i>	<u>\$21,696,491</u>	<u>268,283</u>	<u>(27,945)</u>	<u>\$21,936,829</u>
<i>Other capital assets:</i>				
Buildings	\$46,834,147	\$ 411,480	\$ -	\$47,245,627
Equipment.....	9,142,170	1,195,948	(556,798)	9,781,320
<i>Total other capital assets at historical cost ..</i>	<u>55,976,317</u>	<u>1,607,428</u>	<u>(556,798)</u>	<u>57,026,947</u>
Less: accumulated depreciation for:				
Buildings	(13,274,254)	(1,138,048)		(14,412,302)
Equipment.....	(6,270,781)	(638,203)	321,487	(6,585,497)
<i>Total accumulated depreciation</i>	<u>(19,545,035)</u>	<u>(1,776,251)</u>	<u>321,487</u>	<u>(20,999,799)</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

3. CAPITAL ASSETS (Continued)

	<u>PRIMARY GOVERNMENT</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Other capital assets, net</i>	36,431,282	(168,823)	(235,311)	36,027,148
<i>Governmental activities capital assets, net</i>	<u>\$58,127,773</u>	<u>\$ 99,460</u>	<u>\$(263,256)</u>	<u>\$57,963,977</u>
<i>Business-type activities (as restated):</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 584,470			\$ 584,470
<i>Total capital assets not being depreciated</i>	<u>\$ 584,470</u>			<u>\$ 584,470</u>
<i>Other capital assets:</i>				
Buildings	\$ 8,696,355	\$ 283,168		\$ 8,979,523
Property and leasehold improvements	811,991	\$113,671		925,662
Furniture and equipment	2,100,110	61,100		2,161,210
Vehicles and golf carts	715,313			715,313
<i>Total other capital assets at historical cost</i>	<u>12,323,769</u>	<u>457,939</u>		<u>12,781,708</u>
Less: accumulated depreciation for:				
Buildings	(5,114,873)	(281,702)		(5,396,575)
Property and leasehold improvements	(495,674)	(34,795)		(530,469)
Furniture and equipment	(1,404,567)	(75,890)		(1,480,457)
Vehicles and golf carts	(519,838)	(89,907)		(609,745)
<i>Total accumulated depreciation</i>	<u>(7,534,952)</u>	<u>(482,294)</u>		<u>(8,017,246)</u>
<i>Other capital assets, net</i>	<u>4,788,817</u>	<u>(24,355)</u>		<u>4,764,462</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 5,373,287</u>	<u>\$ (24,355)</u>		<u>\$ 5,348,932</u>

Depreciation expense was charged to functions as follows:

<i>Governmental activities:</i>	
General government	\$ 43,348
Public safety	331,669
Public works	145,067
Education	1,184,245
Public libraries	71,922
<i>Total governmental activities depreciation expense</i>	<u>\$1,776,251</u>

<i>Business-type activities:</i>	
<i>Major Funds:</i>	
Water	\$ 234,150
Quonset/Davisville Recreation	246,682
Non-major enterprise funds	1,462
<i>Total business-type activities depreciation expense</i>	<u>\$ 482,294</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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 2006 were based on a net assessed value of approximately \$3,568,500,000 at December 31, 2004 and amounted to \$54,015,438. Collections through June 30, 2006 amounted to \$52,936,469, which represents approximately 98.00% 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, 2006 (\$1,109,095) 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, 2006 are recorded as deferred revenue and amounted to \$774,700 at June 30, 2006. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2006 (due to their collection within the 60 days immediately following June 30, 2006) amounted to \$334,395.

On June 30, 2006, the Town levied property taxes for its next fiscal year based on the December 31, 2005 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	\$3,440,758,510	\$ 61,675,201	\$3,379,083,309	\$15.55	\$52,573,475
Motor vehicle	264,447,537	124,148,118	140,299,419	22.04	3,046,480
Tangible property	88,604,990	613,686	87,991,304	15.55	1,371,608
Total.....	<u>\$3,793,811,037</u>	<u>\$186,437,005</u>	<u>\$3,607,374,032</u>		<u>\$56,991,563</u>

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

5. DEPOSITS

CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. It is the Town's policy to follow the requirements contained in Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, which requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

At June 30, 2006, the carrying amount of the Town's deposits was \$33,260,644, (including Fiduciary Funds) while the bank balance was \$37,234,358. Of the balance, \$500,000 was covered by federal depository insurance and \$36,734,358 was uninsured. The Town has entered into collateralization agreements with various financial institutions and as a result, \$32,645,917 of the uninsured balance at June 30, 2006 was collateralized by securities held by the financial institutions and/or third parties in the name of the Town. The remaining uninsured balance of \$4,088,441 was held in other accounts that were not required to be covered by collateralization agreements.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

5. **DEPOSITS (Continued)**

Reconciliation to Government-wide Statement of Net Assets:

Unrestricted cash, including time deposits	\$33,260,644
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement)	<u>(1,231,976)</u>
Total cash and cash equivalents on A-1	<u>\$32,028,668</u>

6. **INVESTMENTS**

At June 30, 2006, the Town's investments totaled \$3,384,910 (including those held in Fiduciary Funds) and consisted of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Mortgage Backed Securities.....	\$ 486,686	4.37%	2/25/2035	AAA
Asset Backed Securities	29,938	4.95%	6/15/2009	AAA
Foreign Bonds	25,191	5.75%	2/27/2012	A2
Foreign Bonds	35,721	3.95-8.25%	1/30/2008-6/15/2030	A3
Foreign Bonds	48,262	7.50%	9/15/2029	AAA3
Foreign Bonds	15,900	7.50%	1/14/2012	BAA1
Corporate Bonds.....	219,985	4.75-7.88%	8/1/2010-4/1/2033	A1
Corporate Bonds.....	266,724	4.13-6.5%	7/25/2008-11/1/2032	A2
Corporate Bonds.....	132,804	4.0-8.45%	6/1/2007-2/15/2029	A3
Corporate Bonds.....	95,248	5.30%	1/7/2016	AA1
Corporate Bonds.....	56,289	4.50-7.55%	7/11/2015-2/15/2030	AA2
Corporate Bonds.....	207,370	3.63-6.60%	2/17/2009-9/30/2015	AA3
Corporate Bonds.....	98,088	4.95-6.75%	2/9/2009-3/15/2032	AAA
Corporate Bonds.....	10,106	6.25%	11/1/2008	BAA1
Federal National Mortgage Assoc.	243,630	3.25% - 4.5%	11/15/07 - 2/15/09	AAA
Federal Home Loan Mortgage Corp.....	344,867	3.87 - 5.125%	11/15/08 - 11/13/14	AAA
United States Treasury Notes	879,906	2.875 - 5.375%	11/30/06 - 11/15/15	AAA
United States Treasury Bonds	188,195	5.375%	2/15/31	AAA
Total Investments	<u>\$ 3,384,910</u>			

Interest Rate Risk

It is the policy of the Town that to the extent practicable, the term of investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss from over-concentration of assets in a specific maturity period, a single issuer, or an individual asset class. As noted above, approximately 88% of the Town's investments are in long-term Corporate and Government Bonds which have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The remaining 12% of the investments are held in common stock and mutual funds. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its exposure to credit risk in its investments by investing in high quality issues which are rated by one of the national rating agencies.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

6. INVESTMENTS (Continued)

Concentration of Credit Risk

At June 30, 2006 the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although 12% of the investments were held in common stock and mutual funds, these investments were in a wide range of companies and various industries enabling the Town to minimize its risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the Town. The Town also ensures that deposits greater than \$100,000 are collateralized.

7. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2006 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	\$ 46,184,849	\$ 2,840,000	\$ (3,624,190)	\$ 45,400,659	\$ 3,404,192
Total long-term debt	<u>46,184,849</u>	<u>2,840,000</u>	<u>(3,624,190)</u>	<u>45,400,659</u>	<u>3,404,192</u>
Other long-term liabilities:					
Compensated absences	1,982,725	1,708,244	(1,545,272)	2,145,697	100,000
Total other long-term liabilities	<u>1,982,725</u>	<u>1,708,244</u>	<u>(1,545,272)</u>	<u>2,145,697</u>	<u>100,000</u>
Governmental activities:					
Long-term liabilities	\$ 48,167,574	\$ 4,548,244	\$ (5,169,462)	\$ 47,546,356	\$ 3,504,192
Business-type Activities:					
Long-term debt:					
General obligation debt	\$ 652,409	\$ -	\$ (138,869)	\$ 513,540	\$ 145,006
Total long-term debt	<u>652,409</u>	<u>-</u>	<u>(138,869)</u>	<u>513,540</u>	<u>145,006</u>
Other long-term liabilities:					
Compensated absences	104,791	103,025	(99,215)	108,601	3,809
Total other long-term liabilities	<u>104,791</u>	<u>103,025</u>	<u>(99,215)</u>	<u>108,601</u>	<u>3,809</u>
Governmental activities:					
Long-term liabilities	\$ 757,200	\$ 103,025	\$ (238,084)	\$ 622,141	\$ 148,815

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

7. LONG-TERM LIABILITIES (Continued)

(b) Debt Maturity

Debt service requirements at June 30, 2006 were as follows:

GOVERNMENTAL ACTIVITIES

General Obligation Debt

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 3,404,192	\$ 1,850,187
2008	3,294,191	1,732,007
2009	3,189,192	1,616,879
2010	3,164,191	1,501,667
2011	3,144,192	1,384,129
2012-2016	12,945,957	5,247,501
2017-2021	9,973,744	2,637,108
2022-2026	6,285,000	763,133
Total	<u>\$ 45,400,659</u>	<u>\$ 16,732,611</u>

BUSINESS-TYPE ACTIVITIES

General Obligation Debt

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 145,006	\$ 24,542
2008	30,808	16,782
2009	30,808	15,565
2010	30,809	14,332
2011	30,808	13,085
2012-2016	154,043	45,717
2017-2021	91,255	11,488
Total	<u>\$ 513,537</u>	<u>\$ 141,511</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

7. LONG-TERM LIABILITIES (Continued)

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

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding 6/30/05	Additions	Retirement	Balance Outstanding 6/30/06
General obligation debt:								
\$2.840 M Refunding Bond	5/1/06	\$ 2,840,000	4.0 - 5.25%	5/1/07 - 21	\$ -	\$ 2,840,000	-	\$ 2,840,000
\$30.36 M Refunding Bond	4/21/05	30,360,000	3 - 5%	10/1/05 - 26	30,360,000	-	350,000	30,010,000
\$7.885 M GOB 1998 Series A					5,515,000		395,000	5,120,000
Less: Q/D recreation portion					(430,151)		(30,810)	(399,341)
\$3.3 M GOB 1998 Series B Refunding Bond	12/15/98	7,885,000	3.7 - 6%	12/15/99 - 18				
\$800,000 Bond	12/15/98	3,300,000	3.0 - 5.5%	7/15/99 - 07	565,000		415,000	150,000
\$5.95 M GOB	12/15/92	800,000	6.3 - 8.5%	12/15/92 - 06	160,000		75,000	85,000
\$1.505 M GOB	5/15/96	5,950,000	5.0 - 6.0%	8/1/97 - 11	395,000		395,000	-
\$33 M GOB	6/15/99	1,505,000	4.8 - 7.0%	6/15/00 - 19	1,200,000		60,000	1,140,000
\$3.835 M GOB	12/1/99	33,000,000	5.25 - 5.875%	10/1/01 - 25	1,320,000		1,320,000	-
\$3.845 M GOB	9/15/00	3,835,000	4.75 - 6.5%	9/15/01 - 21	3,055,000		195,000	2,860,000
\$1.9 M GOB	6/15/01	3,845,000	3.75 - 5.5%	6/15/02 - 16	2,745,000		250,000	2,495,000
	12/15/01	1,900,000	3.5 - 4.35%	12/15/02 - 11	1,300,000		200,000	1,100,000
Total general obligation debt		\$95,220,000			46,184,849	2,840,000	3,624,192	45,400,659
Other long-term liabilities:								
Compensated absences					1,982,725	1,708,244	1,545,272	2,145,697
Total long-term liabilities		\$95,220,000			\$48,167,574	\$4,548,244	\$ 5,169,464	\$47,546,356

Total interest expense paid on general long-term liabilities for the year ended June 30, 2006 was approximately \$1,801,980.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

8. **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of interfund balances at June 30, 2006 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 305,908	\$2,928,314
School Unrestricted Fund	\$2,314,967	\$ 270,274
Special Revenue Funds:		
Library Fund	\$ 106,631	
Miscellaneous State Grants		564
RI Emergency Management		5,700
State Elderly Affairs Grants		5,050
Governor's Justice Commission		14,612
Miscellaneous State Water Department Grants		7,625
Community Development Grants	25,146	
School Public law 94-142		134,476
Title I		98,259
Title V		262
Title II		39,702
Drug Free Schools		448
Title II Technology		6,695
Title III LEP		972
School Preschool Services		7,675
Perkins Vocational Education		12,786
Comprehensive School Reform		20,167
School Child Opportunity Zone Family Center		9,300
School Child Opportunity Zone Tutorial Homeless		17,739
School Even Start Family Literacy		17,185
NKHS Living Democracy		2,308
Consortium Student Info System		51,950
Emergency Response Plans		1,394
RI Parent Info Network		1,323
Information Technology Services		9,706
Non Civic Detail Escrow		154,396
Total special revenue funds	<u>131,777</u>	<u>620,294</u>
Debt service fund	<u>821,120</u>	
Enterprise funds		<u>4,012</u>
Enterprise funds – Non-major		<u>149,213</u>
Fiduciary Funds:		
Payroll Fund	2,031	
School Payroll Fund	57,934	
Total fiduciary funds	<u>59,965</u>	

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

8. **INTERFUND RECEIVABLES AND PAYABLES (Continued)**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Capital Projects:		
School Renovations Bond.....		\$ 113,949
School Capital Reserve Fund	\$ 452,319	
Total capital projects	<u>452,319</u>	<u>113,949</u>
TOTALS	<u>\$4,086,056</u>	<u>\$4,086,056</u>

9. **FUND EQUITY**

(a) **Reserves and Designations**

Reservations and designations of fund balances at June 30, 2006 were as follows:

General Fund:

Reserved for encumbrances.....	\$ 773,094
Designated for future expenditures.....	870,000

School Unrestricted Fund:

Reserved for encumbrances.....	1,142,192
Reserved for School Cafeteria fund deficit.....	63,913
Designated for future expenditures.....	75,000

Debt Service Fund:

Reserved for debt service.....	884,321
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Fiduciary Fund Types:

Reserved for trust principal.....	30,842
Reserved for employee retirement system.....	<u>3,480,044</u>

Total reservations and designations of fund balances \$7,319,406

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

9. **FUND EQUITY (Continued)**

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

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2006 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund	\$ 1,129,793	\$42,543,127
School unrestricted fund	37,329,659	
Quonset/Davisville Recreation Fund		375,000
Water.....	204,936	
Non-major Funds:		
Special revenue funds	1,202,090	1,150,512
Debt service fund	4,000,074	
School capital reserve.....		132,560
Capital reserve.....	535,900	
Internal service.....		201,253
Totals	<u>\$44,402,452</u>	<u>\$44,402,452</u>

(c) **Disclosure of Individual Fund Deficits**

Non-major Business-type Activities:

School Cafeteria Fund..... \$63,913

Deficit for non-major business-type fund will be funded through the School Fund, a major governmental activities fund.

(d) **Prior Period Adjustment – Net Assets**

Net assets were restated to include the addition of infrastructure net assets on the Government-Wide Statement of Activities, therefore increasing total net assets. Developmental Rights were not included in the financial statements at June 30, 2005 in the amount of \$13,411,949. During fiscal year ended June 30, 2006, the Town began implementation of the infrastructure requirement of GASB Statement 34. During the 2006-2007 fiscal year it will be expected the remaining infrastructure net assets will be added as part of this implementation.

10. **BONDS AUTHORIZED BUT UNISSUED**

Bonds authorized but unissued at June 30, 2006 are as follows:

Public Facilities Plan Bonds.....	\$ 1,290,000
Library	350,000
School Improvements	<u>9,000,000</u>
Total	<u>\$10,640,000</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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, 2006 was approximately \$11,553,936 and the Town wide payroll was approximately \$47,451,000.

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, 2003.

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2006 was approximately \$1,046,610 for general employees. This contribution represents 9.12% of covered payroll. General municipal employees were required to contribute approximately \$808,722. 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>
2004	\$ 200,425	100%	\$0
2005	\$ 642,000	100%	\$0
2006	\$1,046,610	100%	\$0

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

Trend Information (Continued)

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, 2005 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 16 retired and beneficiaries and 3 disabled. 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, 2006 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.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Police and Fire Pension Plans (Continued)

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

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, 2004. 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>
6/30/06	\$0	N/A	\$0
6/30/05	\$0	N/A	\$0
6/30/04	\$0	N/A	\$0

(CONTINUED)

TOWN OF NORTH KINGSTOWN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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, 2006 was approximately \$2,574,206 and \$3,582,756, respectively. The Town wide payroll was approximately \$47,451,000.

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, 2006**

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, 2003.

The annual required contribution for police and fire personnel for the Town which equals the annual pension cost for the year ended June 30, 2006 was approximately \$1,172,803. These contributions represent 19.92% of covered payroll for fire personnel and 17.61% for police personnel. Police and fire personnel were required to contribute approximately \$231,679 and \$322,447, 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>
2004	\$ 187,158	100%	\$0
2005	\$ 384,360	100%	\$0
2006	\$457,346	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>
2004	\$339,240	100%	\$0
2005	\$474,140	100%	\$0
2006	\$715,457	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, 2005 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, 2006

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	6/30/05	6/30/05
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	24 years	24 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	4.50% - 9.00%, compounded annually	5.0% - 15.5%, compounded annually
Cost-of-living Adjustments	1.50% not compounded	2.00% not compounded
Inflation Adjustments	3.0%	3.0%
Participant Information	Active Employees 386	Active Employees 122
	Retirees and beneficiaries 141	Retirees and beneficiaries 68
	<u>527</u>	<u>190</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, 2006**

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, 2006 was approximately \$23,907,236, which consisted of approximately \$558,996 for employees charged to federal programs and approximately \$23,348,240 for all other employees. The School Department's total payroll was approximately \$32,915,275. The Town wide payroll for the year ended June 30, 2006 was approximately \$47,451,000.

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, 2004 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 9.72%, 8.72%, and 7.99% for all full-time employees for fiscal years 2006, 2005, and 2004, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- (a) **Mortality** – 1994 Uninsured Pensioner mortality tables.
- (b) **Investment return** – 8.25 percent, compounded annually.
- (c) **Salary increase** - Salaries will increase at a rate of 4.25 – 16.75 percent, compounded annually.
- (d) **Retirement age** - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.
- (e) **Cost of living adjustments** – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.
- (f) **Inflation rate** – 3.0 percent

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

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 2006, actuarial required contributions were 16.47% of the participant's salary. This resulted in a contribution paid by the State on behalf of the School Department totaling \$1,576,006 for the fiscal year ended June 30, 2006.

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>
2006	\$2,271,188	\$2,268,683	100%
2005	\$2,266,850	\$2,032,960	100%
2004	\$2,182,010	\$1,795,320	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, 2005 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, 2006**

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, 2006, expenditures of \$776,919 were recognized for post retirement benefits. Of this amount, \$338,523 was paid for health insurance for 28 fire department retirees, \$176,172 was paid for health insurance for 46 municipal retirees and their spouses, and \$268,225 was paid for health insurance for 24 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, 2006. Minimum rentals on the leases for the next five years are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2007	\$285,607
2008	126,060
2009	24,000
2010	24,000
2011	<u>12,000</u>
Total	<u>\$471,667</u>

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, and inadequately provides for losses and accrues liabilities for losses when they are both probable and can be reasonably estimated.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

14. **SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS (Continued)**

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, 2006.

The Town of North Kingstown had several outstanding construction and technology projects as of June 30, 2006. These projects are evidenced by contractual commitments with contractors and include:

<u>FUND/PROJECT</u>	<u>SPENT TO</u> <u>DATE</u>	<u>COMMITMENT</u> <u>REMAINING</u>	<u>FUNDING SOURCE(S)</u>
Overlaying Services	\$ 861,466	\$ 78,705	General Fund, Operating Budget
	30,266	12,135	Donations (Library)
Wickford Improvements	184,287	8,369	General Fund, Operating Budget
	575,000	-	Federal Grant Funds
	152,212	6,631	State Grant Funds
	346,723	-	General Obligation Bonds
	7,395	-	Donations
Statistical Reappraisal of Taxable Real Property	24,986	1,846	Tax Revaluation Reserve Fund
	140,393	10,375	State Grant Funds
EEO and Personnel Rules and Regulations Update		8,000	General Fund, Operating Budget
Comprehensive Plan Update	41,990	8,010	General Fund, Operating Budget
Fingerprint System	6,600	36,600	General Fund, Operating Budget
Impact Fee Study	2,600	11,400	General Fund, Operating Budget
2007 GMC C8500 Dump Truck		83,497	General Fund, Operating Budget
2006 Paratransit Van for Senior Citizens		2,696	General Fund, Operating Budget
		8,500	State Legislative Grants
		35,000	Town Capital Reserve Fund
		24,538	Donations
SCBA Fill Station and Scott Bottles		50,264	Homeland Security Grant Funds
400 KW Kohler Generator		78,904	Homeland Security Grant Funds
Design Improvements Public Safety Building	42,560	63,840	General Obligation Bonds
Allen Harbor, Calf Pasture Improve	22,003	7,997	State Grant Funds
	15,467	10,033	Payment in Lieu of Land Dedication
	18,303	1,907	Q/D Recreation Fund, Operating Budget
	25,372	128	General Fund, Operating Budget
Water System Upgrades for Highway/Bridge Construction	248,483	108,164	Water Fund, Operating Budget
Fencing for Critical Water Facilities		39,005	Homeland Security Grant Funds
Grand Totals	\$2,746,106	\$ 696,544	

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, 2006 were \$0.

There have been no reductions in insurance coverage from coverage in the previous year and settlements have not exceeded insurance coverage since 2001.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

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, 2006</u>			<u>June 30, 2005</u>		
	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Property</u> <u>Damage</u> <u>Fund</u>	<u>Total</u>	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Property</u> <u>Damage</u> <u>Fund</u>	<u>Total</u>
Unpaid claims, beginning of fiscal year	\$50,000	\$70,168	\$120,168	\$50,000	\$189,402	\$239,402
Incurred claims (including IBNR's)					119,235	119,235
Claim payments		(70,168)	(70,168)		(238,469)	(238,469)
Unpaid claims, end of fiscal year	<u>\$50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$50,000</u>	<u>\$ 70,168</u>	<u>\$120,168</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, 2006 as compared to the previous year. The claims incurred did not exceed insurance coverage in any of the last three years.

17. SUBSEQUENT EVENTS

Subsequent to June 30, 2006, the Town purchased annuities to satisfy its obligations to the nineteen (19) retirees and beneficiaries covered by its inactive Police Pension Plan. Excess assets remaining in the fund will be held on reserve until all benefit liabilities are satisfied.

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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.

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TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR PENSION PLANS
JUNE 30, 2006**

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	AAL (UAAL) Funding Excess (deficit)	Funded Ratio	Covered Payroll	AAL (UAAL) Funding Excess (deficit) as a Percentage of Covered Payroll
General municipal employees pension plan	6/30/03	27,651,706	32,946,121	(5,294,415)	83.9%	9,517,449	(55.6%)
	6/30/04	27,567,463	35,288,291	(7,720,829)	78.1%	10,791,847	(71.5%)
	6/30/05	28,290,030	38,320,570	(10,030,540)	73.8%	10,852,333	(92.4%)
Municipal police pension plan	6/30/03	12,085,034	13,454,686	(1,369,652)	89.8%	2,067,633	(66.2%)
	6/30/04	11,972,027	15,081,134	(3,109,106)	79.4%	2,257,865	(137.7%)
	6/30/05	12,181,369	16,419,227	(4,237,858)	74.2%	2,366,001	(179.1%)
Municipal firemen pension plan	6/30/03	19,276,926	22,508,273	(3,231,347)	85.6%	3,291,128	(98.2%)
	6/30/04	19,017,109	23,585,108	(4,568,000)	80.6%	3,431,941	(133.1%)
	6/30/05	19,140,008	25,071,693	(5,931,685)	76.3%	3,338,739	(177.7%)
Town of North Kingstown Police Pension Fund	7/1/03	4,110,617	2,558,536	1,552,081	160.7%	n/a	n/a
	7/1/05	3,806,393	2,467,920	1,338,473	154.2%	n/a	n/a
	7/1/06	3,508,888	2,374,917	1,133,971	147.8%	n/a	n/a

(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, 2006**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Property Tax	\$ 55,468,536	\$ 55,468,536	\$ 56,100,311	\$ 631,775
Intergovernmental	4,034,583	4,034,583	4,276,899	242,316
Licenses & Permits	515,345	515,345	539,812	24,467
Investment Income	325,000	325,000	801,327	476,327
Departmental	2,467,505	2,467,505	2,741,021	273,516
Other	20,000	20,000	48,201	28,201
Total Revenues	62,830,969	62,830,969	64,507,571	1,676,602
Expenditures:				
Town Council	119,987	97,447	97,432	15
Town Manager	208,311	209,111	208,970	141
Town Clerk & Elections	476,450	432,500	420,076	12,424
Town Solicitor	201,000	221,000	201,557	19,443
Finance and Information Systems	651,781	651,781	643,124	8,657
Assessor	217,044	217,044	213,877	3,167
Planning	371,260	356,260	355,065	1,195
General Operating	2,020,424	2,036,391	2,016,448	19,943
Code Enforcement	264,952	264,952	255,602	9,350
Fire	6,640,108	6,909,277	6,909,892	(615)
Police, Harbor & Animal Control	5,391,222	5,261,054	5,204,001	57,053
Public Works	4,372,067	4,151,166	4,098,318	52,848
Recreation	390,215	396,715	382,437	14,278
Senior Citizens	302,500	287,500	286,606	894
Contributions	67,612	67,612	67,612	-
Welfare	53,331	53,331	51,626	1,705
Total Expenditures	21,748,264	21,613,141	21,412,642	200,499
Excess of revenues over expenditures	41,082,705	41,217,828	43,094,929	1,877,101
Other financing sources (uses):				
Transfers from fund balance	870,000	870,000	870,000	-
Transfers in	375,000	443,467	443,467	-
Transfers out	(42,327,705)	(42,531,295)	(42,531,295)	-
Net other financing sources (uses)	(41,082,705)	(41,217,828)	(41,217,828)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,877,101	\$ 1,877,101

TOWN OF NORTH KINGSTOWN

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

School Unrestricted Fund
Year Ended June 30, 2006

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
State Aid	\$ 11,268,578	\$ 11,268,578	\$ 11,145,340	\$ (123,238)
Tuition	2,090,000	2,090,000	2,277,844	187,844
Miscellaneous	110,500	110,500	154,445	43,945
Total Revenues	13,469,078	13,469,078	13,577,629	108,551
Expenditures:				
Education	50,713,392	50,978,737	50,295,331	683,406
Total Expenditures	50,713,392	50,978,737	50,295,331	683,406
Excess of revenues over expenditures	(37,244,314)	(37,509,659)	(36,717,702)	791,957
Other financing sources (uses):				
Transfers from fund balance	180,000	180,000	180,000	
Operating transfer from Town	37,064,314	37,329,659	37,329,659	
Net other financing sources (uses)	37,244,314	37,509,659	37,509,659	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 791,957	\$ 791,957

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

BUDGETARY PROCESS

(a) Adoption

The Town Manager shall submit to the Council not later than the fiftieth day preceding the 1st Wednesday in May a proposed budget of anticipated revenues and proposed expenditures after a review of estimated requirements from department heads. Town Council conducts all-day Public Work Sessions to discuss the Town Manager's Proposed Budget, which is not a Charter requirement. The Council has two weeks to give preliminary approval to the Town Manager's budget, which the Council may revise. Approximately three weeks after preliminary approval by the Council, two public hearings are held (one for school portion and one for all other budgets). 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. 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. 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 appropriation for a specific fund. Petition forms approved by the Town Clerk must be returned before the 20th day following the first Wednesday in May. 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 second Saturday in June.

The following governmental funds have annual appropriated budgets:

- General Fund
- School Unrestricted Fund
- Library Fund
- Debt Service Fund
- School Capital Reserve Fund

(b) 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, 2006:

Excess revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 1,877,101
Use of accumulated fund balance	(870,000)
Use of accumulated fund balance – Revaluation	(26,832)
Use of accumulated fund balance – cops grants.....	(86,874)
Net change in encumbrances.....	<u>(536,756)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 356,639</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2006**

(b) Budgetary to GAAP Basis Reconciliation (Continued)

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, 2006:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 791,957
Net change in encumbrances	344,487
Use of accumulated – cops grant	(45,534)
Use of accumulated fund balance	<u>(180,000)</u>
Excess of expenditures and other sources over revenues (GAAP)	<u>\$ 910,910</u>

(CONCLUDED)

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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.

RI Water Resource Board Supplier – To account for monies received from the RI Water Resource Board for revenues and expenditures.

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.

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.

Operation Drug Dog – To account for money received to assist in expenditures produced from drug prevention programs.

Fireworks Donation – To account for money received as fireworks donations.

(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.

RI Resource Protection Project – To account for monies received from the State to aid in the preservation of farmland and open space.

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.

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.

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	Substance Abuse
Title I	Literacy Set-Aside
Title V	Title II Technology
Title II	Preschool Services
Drug-Free Schools	Perkins Vocational
Even Start Family Literacy	Comprehensive School Reform
Parent Information Network	Title III LEP
Child Opportunity Zone Family Center	NEA Learning & Leadership
COZ Miscellaneous Donations	NKHS Living Democracy
SAELP Demonstration Site	Consortium Student Info system
Sports Camp	Adult Education Fund
Champlin	Summer School Fund
Medicaid	Child Opportunity Zone Tutorial Homeless
RI Electronic Portfolio System	Emergency Response Plans
Information Technology Services	

DEBT SERVICE FUNDS:

The Debt Service Funds are 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.

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.

Farmland Preservation Bond – To account for bond monies used to finance the acquisition of development rights to farmland, undeveloped land and/or open spaces.

9M School Renovations Bond – To account for the construction and renovations of various school facilities.

(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)

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TOWN OF NORTHLINGS TOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS						
	Beachwood House Senior Center Equipment Escrow	709	RI Water Resource Board Supplier	State Council on the Arts Grant	Non Civic Detail Escrow Fund	Governor's Justice Commission	Special Purpose Donations	
ASSETS:								
Cash and cash equivalents		\$		\$	3,997	\$	23,624	
Due from other governments								
Due from other funds						14,612		
Other receivables								
TOTAL ASSETS		\$	\$	\$	\$	\$	\$	
		709	-	3,997	190,012	14,612	23,624	
		\$	\$	\$	\$	\$	\$	
		709	-	3,997	190,012	14,612	23,624	
		\$	\$	\$	\$	\$	\$	
		709	-	3,697	-	-	22,308	
		\$	\$	\$	\$	\$	\$	
		709	-	3,697	-	-	22,308	
		\$	\$	\$	\$	\$	\$	
		709	-	3,997	190,012	14,612	23,624	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS						
	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	State Elderly Affairs Grant	State Grants - Police Department	Seized and Forfeited Property Escrow		
ASSETS:								
Cash and cash equivalents	\$ 711	\$ 56,396	\$ 82,410		\$ 4,262	\$ 5,554		
Due from other governments		3,070		5,400	1,305			
Due from other funds		25,146						
Other receivables		256,080						
TOTAL ASSETS	\$ 711	\$ 340,692	\$ 82,410	\$ 5,400	\$ 5,567	\$ 5,554		
LIABILITIES:								
Accounts payable		5						
Due to other funds				350				
Deferred revenue		340,687		5,050				
TOTAL LIABILITIES	\$ -	\$ 340,692	\$ -	\$ 5,400	\$ -	\$ -		
FUND BALANCES:								
Capital Projects								
Special Revenue	711	-	82,410	-	5,567	5,554		
Permanent Fund								
Debt Service								
TOTAL FUND BALANCES	711	-	82,410	-	5,567	5,554		
TOTAL LIABILITIES AND FUND BALANCES	\$ 711	\$ 340,692	\$ 82,410	\$ 5,400	\$ 5,567	\$ 5,554		

(CONTINUED)

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS					
ASSETS:		Local Law Enforcement Block Grant	Groundwater Education Donation	RI Resource Protection Project	School Department Substance Abuse Donations	Infrastructure Replacement	URI Septic Loan Program
Cash and cash equivalents	\$	358	635	-	4,886	68,297	154,206
Due from other governments							
Due from other funds							
Other receivables							
TOTAL ASSETS	\$	358	635	-	4,886	68,297	154,206
			19,306				
	\$	358	635	-	4,886	87,603	154,206
LIABILITIES:							
Accounts payable							
Due to other funds							
Deferred revenue							
TOTAL LIABILITIES	\$	-	-	-	-	-	-
FUND BALANCES:							
Capital Projects							
Special Revenue		358	635	-	4,886	87,603	154,206
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	\$	358	635	-	4,886	87,603	154,206
TOTAL LIABILITIES AND FUND BALANCES	\$	358	635	-	4,886	87,603	154,206

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS					
ASSETS:		Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant	Impact Fees	Emergency Medical Services	RIDEM Potowomut Pond Clean-up
Cash and cash equivalents	\$	18,398	\$ 144	\$ 5,518	\$ 56,220	\$ 9,750	\$ 4,500
Due from other governments							
Due from other funds							
Other receivables							
TOTAL ASSETS	\$	18,398	\$ 144	\$ 5,518	\$ 56,220	\$ 9,750	\$ 4,500
LIABILITIES:							
Accounts payable	\$	2,559	\$ 144	\$ 97	\$	\$ 9,750	\$
Due to other funds							
Deferred revenue	15,839						
TOTAL LIABILITIES	\$	18,398	144	97	-	9,750	-
FUND BALANCES:							
Capital Projects							
Special Revenue	-			5,421	56,220	-	4,500
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	-	-	-	5,421	56,220	-	4,500
TOTAL LIABILITIES AND FUND BALANCES	\$	18,398	\$ 144	\$ 5,518	\$ 56,220	\$ 9,750	\$ 4,500

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS					
		Fire Department Legislative Grant	Operation Drug Dog	Tax Revaluation Reserve Fund	Miscellaneous State Water Department Grants	Miscellaneous State Grants	Davisville Library Fund
ASSETS:	Cash and cash equivalents	\$ 15,500	\$ 2,900	\$ 35,612	\$ 7,625	\$ 14,588	\$ -
	Due from other governments						
	Due from other funds						
	Other receivables						
	TOTAL ASSETS	\$ 15,500	\$ 2,900	\$ 35,612	\$ 7,625	\$ 14,588	\$ -
LIABILITIES:							
	Accounts payable			\$ 1,846		\$ 14,024	
	Due to other funds				\$ 7,625	564	
	Deferred revenue						
	TOTAL LIABILITIES	\$ -	\$ -	\$ 1,846	\$ 7,625	\$ 14,588	\$ -
FUND BALANCES:							
	Capital Projects						
	Special Revenue	15,500	2,900	33,766		-	
	Permanent Fund						
	Debt Service						
	TOTAL FUND BALANCES	\$ 15,500	\$ 2,900	\$ 33,766	\$ -	\$ -	\$ -
TOTAL LIABILITIES AND FUND BALANCES		\$ 15,500	\$ 2,900	\$ 35,612	\$ 7,625	\$ 14,588	\$ -

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS					
	Champlin Foundation Fund	Library Fund	Willet Library Fund	RI Emergency Management	Miscellaneous Library Donations	School Public Law 94-142	
ASSETS:							
Cash and cash equivalents	\$ 33,118	\$ 50	\$ 3,208	\$ 15,811	\$ 20,278	\$ 134,476	
Due from other governments				9,096			
Due from other funds		106,631					
Other receivables							
TOTAL ASSETS	\$ 33,118	\$ 106,681	\$ 3,208	\$ 24,907	\$ 20,278	\$ 134,476	
LIABILITIES:							
Accounts payable							
Due to other funds	\$ 46,898		\$ 3,208	\$ 19,207			
Deferred revenue				5,700		\$ 134,476	
TOTAL LIABILITIES	\$ -	\$ 46,898	\$ 3,208	\$ 24,907	\$ -	\$ 134,476	
FUND BALANCES:							
Capital Projects							
Special Revenue	33,118		-	-	20,278	-	
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	\$ 33,118	\$ 59,783	\$ -	\$ -	\$ 20,278	\$ -	
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,118	\$ 106,681	\$ 3,208	\$ 24,907	\$ 20,278	\$ 134,476	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS					
	School Title I	School Title V	School Title II	Drug Free Schools	School Title II Technology	School Title III LEP	
ASSETS:							
Cash and cash equivalents							
Due from other governments							
Due from other funds							
Other receivables	\$ 98,259	\$ 262	\$ 39,702	\$ 448	\$ 6,695	\$ 972	
TOTAL ASSETS	\$ 98,259	\$ 262	\$ 39,702	\$ 448	\$ 6,695	\$ 972	
LIABILITIES:							
Accounts payable							
Due to other funds							
Deferred revenue	\$ 98,259	\$ 262	\$ 39,702	\$ 448	\$ 6,695	\$ 972	
TOTAL LIABILITIES	98,259	262	39,702	448	6,695	972	
FUND BALANCES:							
Capital Projects							
Special Revenue							
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	-	-	-	-	-	-	
TOTAL LIABILITIES AND FUND BALANCES	\$ 98,259	\$ 262	\$ 39,702	\$ 448	\$ 6,695	\$ 972	

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS					
		School Preschool Services	Perkins Vocational Ed	Comprehensive School Reform	School NEA Learning & Leadership	Comprehensive School Reform	School Opportunity Zone Family Center
ASSETS:	Cash and cash equivalents	\$ 7,675	\$ 12,786			\$ 20,759	\$ 9,300
	Due from other governments						
	Due from other funds						
	Other receivables						
	TOTAL ASSETS	<u>\$ 7,675</u>	<u>\$ 12,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,759</u>	<u>\$ 9,300</u>
	LIABILITIES:						
	Accounts payable					\$ 592	
	Due to other funds	7,675	12,786			20,167	9,300
	Deferred revenue						
	TOTAL LIABILITIES	<u>7,675</u>	<u>12,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>20,759</u>	<u>9,300</u>
	FUND BALANCES:						
	Capital Projects						
	Special Revenue						
	Permanent Fund						
	Debt Service						
	TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,675</u>	<u>\$ 12,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,759</u>	<u>\$ 9,300</u>

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS						
		School Substance Abuse	School Child Opportunity Zone Tutorial Homeless	School Literacy Set-Aside	School Even Start Family Literacy	School RI Electronic Portfolio System	NKHS Living Democracy	
ASSETS:								
Cash and cash equivalents				8,045	17,185		2,308	
Due from other governments								
Due from other funds								
Other receivables								
TOTAL ASSETS								
		\$ -	\$ 17,739	\$ 8,045	\$ 17,185	\$ -	\$ 2,308	
		\$ -	\$ 17,739	\$ 8,045	\$ 17,185	\$ -	\$ 2,308	
LIABILITIES:								
Accounts payable								
Due to other funds								
Deferred revenue								
TOTAL LIABILITIES								
		\$ -	\$ 17,739	\$ -	\$ 17,185	\$ -	\$ 2,308	
FUND BALANCES:								
Capital Projects								
Special Revenue				8,045				
Permanent Fund								
Debt Service								
TOTAL FUND BALANCES								
		\$ -	\$ 17,739	\$ 8,045	\$ 17,185	\$ -	\$ 2,308	
TOTAL LIABILITIES AND FUND BALANCES								
		\$ -	\$ 17,739	\$ 8,045	\$ 17,185	\$ -	\$ 2,308	

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS					
		Consortium Student Info System	Emergency Response Plans	School COZ Miscellaneous Donations	School Adult Education Fund	School Summer School Fund	School Sports Camp
ASSETS:							
Cash and cash equivalents							
Due from other governments							
Due from other funds	\$ 51,950	\$ 1,394	\$ 3,091	\$ 610	\$ 46,920	\$ 59,343	
Other receivables							
TOTAL ASSETS	\$ 51,950	\$ 1,394	\$ 3,091	\$ 610	\$ 47,020	\$ 59,343	
					100		
LIABILITIES:							
Accounts payable							
Due to other funds	\$ 51,950	\$ 1,394	\$ 3,091	\$ 9,400	\$ 2,546		
Deferred revenue							
TOTAL LIABILITIES	\$ 51,950	\$ 1,394	\$ 3,091	\$ 9,400	\$ 2,546		
FUND BALANCES:							
Capital Projects							
Special Revenue				610	37,620	56,797	
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES				610	37,620	56,797	
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,950	\$ 1,394	\$ 3,091	\$ 610	\$ 47,020	\$ 59,343	

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

	SPECIAL REVENUE FUNDS						
	ChAMPLIN	Medicaid	SAELP Demonstration Site	RI Parent Info Network	School Sport Camps	Information Technology Services	
ASSETS:							
Cash and cash equivalents	\$ 3,648	\$ 61,780		\$ 1,323	\$ 9,785	\$ 9,706	
Due from other governments							
Due from other funds							
Other receivables							
TOTAL ASSETS	\$ 3,648	\$ 61,780	\$ -	\$ 1,323	\$ 9,785	\$ 9,706	
LIABILITIES:							
Accounts payable	\$ 3,225			\$ 1,323	\$ 789	\$ 9,706	
Due to other funds							
Deferred revenue							
TOTAL LIABILITIES	\$ 3,225	\$ -	\$ -	\$ 1,323	\$ 789	\$ 9,706	
FUND BALANCES:							
Capital Projects							
Special Revenue		58,555			8,996		
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	\$ -	\$ 58,555	\$ -	\$ -	\$ 8,996	\$ -	
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,648	\$ 61,780	\$ -	\$ 1,323	\$ 9,785	\$ 9,706	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

		SPECIAL REVENUE FUNDS						
		Recreation Escrow	Parade Committee	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	Ann Ward Wallou Memorial Garden	
ASSETS:								
Cash and cash equivalents	\$	76,500	\$	752	\$	3,941	\$	1,277
Due from other governments								
Due from other funds								
Other receivables								
TOTAL ASSETS	\$	76,500	\$	752	\$	3,941	\$	1,277
LIABILITIES:								
Accounts payable	\$	5,420						
Due to other funds								
Deferred revenue								
TOTAL LIABILITIES	\$	5,420	\$	-	\$	-	\$	-
FUND BALANCES:								
Capital Projects								
Special Revenue		71,080		752		3,941		1,277
Permanent Fund								
Debt Service								
TOTAL FUND BALANCES		71,080		752		3,941		1,277
TOTAL LIABILITIES AND FUND BALANCES	\$	76,500	\$	752	\$	3,941	\$	1,277

(CONTINUED)

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

		SPECIAL REVENUE FUNDS						
	Old Library Park	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow	Project Date		
ASSETS:								
Cash and cash equivalents	\$ 7,330	\$ 43,247	\$ 61	\$ 14,858	\$ 1,474	\$ 4,867		
Due from other governments								
Due from other funds								
Other receivables								
TOTAL ASSETS	<u>\$ 7,330</u>	<u>\$ 43,247</u>	<u>\$ 61</u>	<u>\$ 14,858</u>	<u>\$ 1,474</u>	<u>\$ 4,867</u>		
LIABILITIES:								
Accounts payable	\$ 4,083	\$ 3,379		\$ 1,569				
Due to other funds								
Deferred revenue								
TOTAL LIABILITIES	<u>\$ 4,083</u>	<u>\$ 3,379</u>	<u>\$ -</u>	<u>\$ 1,569</u>	<u>\$ -</u>	<u>\$ -</u>		
FUND BALANCES:								
Capital Projects								
Special Revenue	3,247	39,868	61	13,289	1,474	4,867		
Permanent Fund								
Debt Service								
TOTAL FUND BALANCES	<u>\$ 3,247</u>	<u>\$ 39,868</u>	<u>\$ 61</u>	<u>\$ 13,289</u>	<u>\$ 1,474</u>	<u>\$ 4,867</u>		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,330</u>	<u>\$ 43,247</u>	<u>\$ 61</u>	<u>\$ 14,858</u>	<u>\$ 1,474</u>	<u>\$ 4,867</u>		

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND		CAPITAL PROJECT FUNDS	
	Fireworks Donation	Leisure Services Brochure	Debt Service Fund	FY 2005 Refunding	6M Public Facilities Plan Bond	9M School Renovations Bond
ASSETS:						
Cash and cash equivalents	\$ 10,015	\$ 900	\$ 48,117	\$ 15,084	\$ 364,924	\$ 145,829
Due from other governments			821,120			
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 10,015	\$ 900	\$ 869,237	\$ 15,084	\$ 364,924	\$ 145,829
LIABILITIES:						
Accounts payable						\$ 31,880
Due to other funds						113,949
Deferred revenue						
TOTAL LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,829
FUND BALANCES:						
Capital Projects					364,924	-
Special Revenue	10,015	900				
Permanent Fund						
Debt Service			869,237	15,084		
TOTAL FUND BALANCES	10,015	900	869,237	15,084	364,924	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,015	\$ 900	\$ 869,237	\$ 15,084	\$ 364,924	\$ 145,829

(CONTINUED)

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

	CAPITAL PROJECT FUNDS					PERMANENT FUNDS	
	Farmland & Open Space Reserve	Farmland Preservation Bond	Capital Reserve	School Capital Reserve Fund	Tri-Centennial Park	400th Anniversary	
ASSETS:							
Cash and cash equivalents	\$ 845,856	\$ 702,108	\$ 2,477,134	\$ 853,367	\$ 6,070	\$ 3,318	
Due from other governments							
Due from other funds				452,319			
Other receivables							
TOTAL ASSETS	\$ 845,856	\$ 702,108	\$ 2,477,134	\$ 1,305,686	\$ 6,070	\$ 3,318	
LIABILITIES:							
Accounts payable			\$ 7,390				
Due to other funds							
Deferred revenue							
TOTAL LIABILITIES	\$ -	\$ -	\$ 7,390	\$ -	\$ -	\$ -	
FUND BALANCES:							
Capital Projects	845,856	702,108	2,469,744	1,305,686			
Special Revenue					6,070	3,318	
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	\$ 845,856	\$ 702,108	\$ 2,469,744	\$ 1,305,686	\$ 6,070	\$ 3,318	
TOTAL LIABILITIES AND FUND BALANCES	\$ 845,856	\$ 702,108	\$ 2,477,134	\$ 1,305,686	\$ 6,070	\$ 3,318	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

	PERMANENT FUNDS											
ASSETS: Cash and cash equivalents Due from other governments Due from other funds Other receivables TOTAL ASSETS	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170
	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170
	-	-	-	-	-	-	-	-	-	-	-	-
LIABILITIES: Accounts payable Due to other funds Deferred revenue TOTAL LIABILITIES	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES: Capital Projects Special Revenue Permanent Fund Debt Service TOTAL FUND BALANCES	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170
	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170
	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170
	\$	17,364	\$	3,965	\$	5,229	\$	7,867	\$	268	\$	2,170

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	Beachwood House Senior Center Equipment Escrow	RI Water Resource Board Supplier	State Council on the Arts Grant	Non Civic Detail Escrow Fund	Governor's Justice Commission	Special Purpose Donations
REVENUES:						
Interest and investment income						
Intergovernmental						
Other	\$ -	\$ 497,587	\$ 2,000	\$ 566,923	\$ 55,867	\$ 33,658
TOTAL REVENUES	\$ -	\$ 497,587	\$ 2,000	\$ 566,923	\$ 55,867	\$ 33,658
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Public libraries						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES		497,587	1,845	387,018	62,028	28,140
Excess of revenues over expenditures before transfers			155	179,905	(6,161)	5,518
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out				(179,905)		
TOTAL OTHER FINANCING SOURCES (USES)				(179,905)		
Excess of revenues and expenditures			155		(6,161)	5,518
Fund balance, beginning of year	709		3,542		6,161	16,790
Fund balance, end of year	\$ 709	\$ -	\$ 3,697	\$ -	\$ -	\$ 22,308

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS						
	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	State Elderly Affairs Grant	State Grants - Police Department	Seized and Forfeited Property Escrow	
REVENUES:							
Interest and investment income		\$ 2,583					
Intergovernmental	\$ 103,565			\$ 21,600	\$ 9,169		
Other							
TOTAL REVENUES	\$ 103,565	103,565	2,583	21,600	9,169		\$ -
EXPENDITURES:							
General government		103,565					7,068
Public safety							
Public works							
Per trust agreements							
Education							
Public libraries							
Human resources				21,600	9,571		
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	-	103,565	-	21,600	9,571		7,068
Excess of revenues over expenditures before transfers	-	-	2,583	-	(402)		(7,068)
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-		-
Excess of revenues and expenditures	-	-	2,583	-	(402)		(7,068)
Fund balance, beginning of year	711	-	79,827	-	5,969		12,622
Fund balance, end of year	\$ 711	\$ -	\$ 82,410	\$ -	\$ 5,567	\$ -	\$ 5,554

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	Local Law Enforcement Block Grant	Groundwater Education Donation	RI Resource Protection Project	School Department Substance Abuse Donations	Infrastructure Replacement	URI Septic Loan Program
REVENUES:						
Interest and investment income					\$ 238,141	\$ 5,149
Intergovernmental			5,711	215		
Other			5,711	215		
TOTAL REVENUES	\$ -	\$ -	\$ 11,422	\$ 430	\$ 238,141	\$ 5,149
EXPENDITURES:						
General government	2,195		5,711	740		
Public safety		45				
Public works						
Per trust agreements						
Education						
Public libraries						
Human resources						24,768
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	2,195	45	5,711	740	-	24,768
Excess of revenues over expenditures before transfers	(2,195)	(45)	-	(525)	238,141	(19,619)
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out					(204,935)	
TOTAL OTHER FINANCING SOURCES (USES)					(204,935)	
Excess of revenues and expenditures	(2,195)	(45)	-	(525)	33,206	(19,619)
Fund balance, beginning of year	2,553	680	-	5,411	54,397	173,825
Fund balance, end of year	\$ 358	\$ 635	\$ -	\$ 4,886	\$ 87,603	\$ 154,206

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant	Impact Fees	Emergency Medical Services	RIDEM Potowomut Pond Clean-up
REVENUES:						
Interest and investment income			\$	2,408	\$	9,151
Intergovernmental	6,000		9,000	53,812	612,282	
Other			9,000	56,220	621,433	
TOTAL REVENUES	\$ 6,000	\$ -	\$ 9,000	\$ 56,220	\$ 621,433	\$ -
EXPENDITURES:						
General government	6,000		9,151		115,012	
Public safety						
Public works						
Per trust agreements						
Education						
Public libraries						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	6,000	-	9,151	-	115,012	-
Excess of revenues over expenditures before transfers	-	-	(151)	56,220	506,421	-
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out				(238,654)	(506,421)	
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(238,654)	(506,421)	-
Excess of revenues and expenditures	-	-	(151)	(182,434)	-	-
Fund balance, beginning of year	-	-	5,572	238,654	-	4,500
Fund balance, end of year	\$ -	\$ -	\$ 5,421	\$ 56,220	\$ -	\$ 4,500

(CONTINUED)

TOWN OF NORTHKINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
 Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	Fire Department Legislative Grant	Operation Drug Dog	Tax Revaluation Reserve Fund	Miscellaneous State Water Department Grants	Miscellaneous State Grants	Davisville Library Fund
REVENUES:						
Interest and investment income						
Intergovernmental	2,000	2,900	276		509,267	17,335
Other	2,000	2,900	276	-	509,267	17,335
TOTAL REVENUES						
	\$ 2,000	\$ 2,900	\$ 276	\$ -	\$ 509,267	\$ 17,335
	2,000	2,900	276	-	509,267	17,335
EXPENDITURES:						
General government			1,846		509,267	
Public safety						
Public works						
Per trust agreements						
Education						
Public libraries						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES						
	-	-	1,846	-	509,267	17,335
Excess of revenues over expenditures before transfers	2,000	2,900	(1,570)	-	-	-
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in			26,832			
Transfers out			(26,832)			
TOTAL OTHER FINANCING SOURCES (USES)						
	2,000	2,900	25,262	-	-	-
Excess of revenues and expenditures	13,500	-	8,504	-	-	-
Fund balance, beginning of year	15,500	2,900	33,766	-	-	-
Fund balance, end of year	\$ 2,000	\$ 2,900	\$ 33,766	\$ -	\$ -	\$ -

(CONTINUED)

TOWN OF NORTH KINGS TOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	Champlin Foundation Fund	Library Fund	Willet Library Fund	RI Emergency Management	Miscellaneous Library Donations	School Public Law 94-142
REVENUES:						
Interest and investment income	\$ 557				\$ 587	\$ 825,910
Intergovernmental	32,500		17,335	26,410		
Other		255,047			46,032	
TOTAL REVENUES	33,057	255,047	17,335	26,410	46,619	825,910
EXPENDITURES:						
General government	100				1,477	
Public safety						
Public works				35,979		
Per trust agreements						
Education						825,910
Public libraries		1,189,199	17,335			
Human resources					30,268	
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	100	1,189,199	17,335	35,979	31,745	825,910
Excess of revenues over expenditures before transfers	32,957	(934,152)	-	(9,569)	14,874	-
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in		951,971				
Transfers out		(20,597)				
TOTAL OTHER FINANCING SOURCES (USES)	-	931,374	-	-	-	-
Excess of revenues and expenditures	32,957	(2,778)	-	(9,569)	14,874	-
Fund balance, beginning of year	161	62,561	-	9,569	5,404	-
Fund balance, end of year	\$ 33,118	\$ 59,783	\$ -	\$ -	\$ 20,278	\$ -

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	School Title I	School Title V	School Title II	School Drug Free Schools	School Title II Technology	School Title III LEP
REVENUES:						
Interest and investment income	\$ 496,907	\$ 8,406	\$ 206,147	\$ 31,497	\$ 11,061	\$ 13,317
Intergovernmental						
Other						
TOTAL REVENUES	<u>496,907</u>	<u>8,406</u>	<u>206,147</u>	<u>31,497</u>	<u>11,061</u>	<u>13,317</u>
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education	496,907	8,406	206,147	31,497	11,061	13,317
Public libraries						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	<u>496,907</u>	<u>8,406</u>	<u>206,147</u>	<u>31,497</u>	<u>11,061</u>	<u>13,317</u>
Excess of revenues over expenditures before transfers	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and expenditures	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS						
	School Preschool Services	School Perkins Vocational Ed	Comprehensive School Reform	School NEA Learning & Leadership	Comprehensive School Reform	Child Opportunity Zone Family Center	School Opportunity Zone Family Center
REVENUES:							
Interest and investment income	\$ 43,682	\$ 25,545	\$ 67,065	\$ 5,000	\$ 64,481	\$ 44,700	\$ 44,700
Intergovernmental							
Other							
TOTAL REVENUES	43,682	25,545	67,065	5,000	64,481	44,700	44,700
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education	43,682	25,545	67,065	5,000	64,481	44,700	44,700
Public libraries							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	43,682	25,545	67,065	5,000	64,481	44,700	44,700
Excess of revenues over expenditures before transfers	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
Excess of revenues and expenditures	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(CONTINUED)

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

	SPECIAL REVENUE FUNDS						
	School Substance Abuse	School Child Opportunity Zone Tutorial/ Homeless	School Literacy Set-Aside	School Even Start Family Literacy	School RI Electronic Portfolio System	School NKHS Living Democracy	
REVENUES:							
Interest and investment income							
Intergovernmental	\$ 37,679	\$ 89,888	\$ 289,123	\$ 84,600	\$ 23,160	\$ 13,356	
Other							
TOTAL REVENUES	<u>37,679</u>	<u>89,888</u>	<u>289,123</u>	<u>84,600</u>	<u>23,160</u>	<u>13,356</u>	
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education	37,679	89,888	281,212	84,600	23,160	13,356	
Public libraries							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	<u>37,679</u>	<u>89,888</u>	<u>281,212</u>	<u>84,600</u>	<u>23,160</u>	<u>13,356</u>	
Excess of revenues over expenditures before transfers	-	-	7,911	-	-	-	
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	
Excess of revenues and expenditures	-	-	7,911	-	-	-	
Fund balance, beginning of year	-	-	134	-	-	-	
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS					
	School Consortium Student Info System	School Emergency Response Plans	School COZ Miscellaneous Donations	School Adult Education Fund	School Summer School Fund	School Sports Camp
REVENUES:						
Interest and investment income						
Intergovernmental						
Other	\$ 51,950	\$ 1,394	\$ -	\$ 467	\$ 45,798	\$ 65,328
TOTAL REVENUES	51,950	1,394	-	467	45,798	65,328
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education	51,950	1,394		3,820	36,988	44,690
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	51,950	1,394	-	3,820	36,988	44,690
Excess of revenues over expenditures before transfers				(3,353)	8,810	20,638
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)						
Excess of revenues and expenditures				(3,353)	8,810	20,638
Fund balance, beginning of year				3,963	28,810	36,159
Fund balance, end of year				610	37,620	56,797

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
 Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS						
	School Champlin	School Medicaid	School SAELP Demonstration Site	School RI Parent Info Network	School Sport Camps	School Information Technology Services	
REVENUES:							
Interest and investment income							
Intergovernmental	\$ 122,755	\$ 605,704	\$ 5,000	\$ 4,550	\$ 28,860	\$ 9,706	
Other	122,755	605,704	5,000	4,550	28,860	9,706	
TOTAL REVENUES							
	122,755	605,704	5,000	4,550	19,864	9,706	
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education	122,755	605,704	5,000	4,550	19,864	9,706	
Public libraries							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES							
	122,755	605,704	5,000	4,550	19,864	9,706	
Excess of revenues over expenditures before transfers	-	-	-	-	8,996	-	
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)							
	-	-	-	-	8,996	-	
Excess of revenues and expenditures	-	-	-	-	8,996	-	
Fund balance, beginning of year	-	58,555	-	-	-	-	
Fund balance, end of year	-	\$ 58,555	-	-	\$ 8,996	-	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS						
	Recreation Escrow	Parade Committee	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	Ann Ward Wallou Memorial Garden	
REVENUES:							
Interest and investment income							
Intergovernmental							
Other	\$ 156,859	\$ 969	19	\$ 34,157	\$ 30,874	\$	54
TOTAL REVENUES	<u>156,859</u>	<u>969</u>	<u>19</u>	<u>34,157</u>	<u>30,874</u>		<u>54</u>
EXPENDITURES:							
General government	144,535	580					
Public safety							
Public works							
Per trust agreements				100,449			1,008
Education							
Public libraries							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	<u>144,535</u>	<u>580</u>	<u>-</u>	<u>100,449</u>	<u>-</u>	<u>1,008</u>	
Excess of revenues over expenditures before transfers	12,324	389	19	(66,292)	30,874		(954)
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out				170,597	52,690		
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,597</u>	<u>52,690</u>	<u>-</u>	<u>-</u>
Excess of revenues and expenditures	12,324	389	19	104,305	83,564		(954)
Fund balance, beginning of year	58,756	363	3,922	960,286	865,327		2,231
Fund balance, end of year	<u>\$ 71,080</u>	<u>\$ 752</u>	<u>\$ 3,941</u>	<u>\$ 1,064,591</u>	<u>\$ 948,891</u>	<u>\$</u>	<u>1,277</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS							
	Old Library Park	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow	Project Date		
REVENUES:								
Interest and investment income	385							100
Intergovernmental		83,008		23,301	1,179		\$	\$
Other		83,008		23,301	1,179			100
TOTAL REVENUES	385	166,016		46,602	2,358			200
EXPENDITURES:								
General government	11,149	54,219		23,640	1,544			
Public safety								
Public works								
Per trust agreements								
Education								
Public libraries								
Human resources								
Capital and special appropriations								
Debt service:								
Debt principal								
Debt interest								
TOTAL EXPENDITURES	11,149	54,219		23,640	1,544			-
Excess of revenues over expenditures before transfers	(10,764)	28,789		(339)	(365)			100
OTHER FINANCING SOURCES (USES):								
Proceeds from bond issuance								
Transfers in								
Transfers out								
TOTAL OTHER FINANCING SOURCES (USES)								-
Excess of revenues and expenditures	(10,764)	28,789		(339)	(365)			100
Fund balance, beginning of year	14,011	11,079	61	13,628	1,839			4,767
Fund balance, end of year	\$ 3,247	\$ 39,868	\$ 61	\$ 13,289	\$ 1,474			\$ 4,867

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND		CAPITAL PROJECT FUNDS	
	Fireworks Donation	Leisure Services Brochure	Debt Service Fund	FY 2005 Refunding	6M Public Facilities Plan Bond	9M School Renovations Bond
REVENUES:						
Interest and investment income			\$ 6,614		\$ 11,181	
Intergovernmental	12,331		1,168,359		11,662	
Other	12,331		1,174,973		22,843	
TOTAL REVENUES	\$ 24,662	\$ -	\$ 1,181,593	\$ -	\$ 33,686	\$ -
EXPENDITURES:						
General government	2,316			3,256		
Public safety						
Public works						
Per trust agreements						
Education						
Public libraries						
Human resources						
Capital and special appropriations						7,511
Debt service:						
Debt principal			3,624,190			
Debt interest			1,801,980			
TOTAL EXPENDITURES	2,316	-	5,426,170	3,256	7,511	-
Excess of revenues over expenditures before transfers	10,015	-	(4,251,197)	(3,256)	15,332	-
OTHER FINANCING SOURCES (USES):						
Proceeds from bond issuance						
Transfers in			4,000,074			
Transfers out			(4,000,074)			
TOTAL OTHER FINANCING SOURCES (USES)	-	-	4,000,074	-	-	-
Excess of revenues and expenditures	10,015	-	(251,123)	(3,256)	15,332	-
Fund balance, beginning of year	-	900	1,120,360	18,340	349,592	-
Fund balance, end of year	\$ 10,015	\$ 900	\$ 869,237	\$ 15,084	\$ 364,924	\$ -

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	CAPITAL PROJECT FUNDS				PERMANENT FUNDS		
	Farmland & Open Space Reserve	Farmland Preservation Bond	Capital Reserve	School Capital Reserve Fund	Tri-Centennial Park	400th Anniversary	
REVENUES:							
Interest and investment income	\$ 27,501	\$ 5,033	\$ 70,039	\$ 21,319	\$ 31	\$ 31	104
Intergovernmental				273,268			
Other	190,039						
TOTAL REVENUES	<u>217,540</u>	<u>5,033</u>	<u>70,039</u>	<u>294,587</u>	<u>31</u>		<u>104</u>
EXPENDITURES:							
General government		27,285					
Public safety							
Public works							
Per trust agreements							
Education							
Public libraries							
Human resources							
Capital and special appropriations	19,480	2,115,640	78,766				
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	<u>19,480</u>	<u>2,142,925</u>	<u>78,766</u>				<u>-</u>
Excess of revenues over expenditures before transfers	198,060	(2,137,892)	(8,727)	294,587	31		104
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance		2,840,000		535,900			
Transfers in				(132,560)			
Transfers out		2,840,000		(132,560)			
TOTAL OTHER FINANCING SOURCES (USES)							<u>-</u>
Excess of revenues and expenditures	198,060	702,108	527,173	162,027	31		104
Fund balance, beginning of year	647,796	-	1,942,571	1,143,659	6,039		3,214
Fund balance, end of year	<u>\$ 845,856</u>	<u>\$ 702,108</u>	<u>\$ 2,469,744</u>	<u>\$ 1,305,686</u>	<u>\$ 6,070</u>		<u>\$ 3,318</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	PERMANENT FUNDS						
	Henry Reynolds Indigent Care	School Updike Fund	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Outside Poor Fund	
REVENUES:							
Interest and investment income	\$ 545	\$ 160	\$ 384	\$ 629	\$ 7	\$ 7	\$ 11
Intergovernmental							
Other		10					
TOTAL REVENUES	545	170	384	629	7		11
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education							
Public libraries							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	-	-	-	-	-	-	-
Excess of revenues over expenditures before transfers	545	170	384	629	7		11
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
Excess of revenues and expenditures	545	170	384	629	7		11
Fund balance, beginning of year	16,819	3,795	4,845	7,238	261		2,159
Fund balance, end of year	\$ 17,364	\$ 3,965	\$ 5,229	\$ 7,867	\$ 268	\$ 268	\$ 2,170

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
Year Ended June 30, 2006

	PERMANENT FUNDS						
	Veterans Memorial Scholarship	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	\$ 221	\$ -	\$ 105	\$ 26	\$ 10	\$ -	\$ 467,985
Intergovernmental							5,294,559
Other							2,836,053
TOTAL REVENUES	221	-	105	26	10	-	8,598,597
EXPENDITURES:							
General government							1,921,075
Public safety							24,216
Public works							35,979
Per trust agreements	200						101,657
Education							3,280,034
Public libraries							1,223,869
Human resources							55,939
Capital and special appropriations							2,313,693
Debt service:							-
Debt principal							3,624,190
Debt interest							1,801,980
TOTAL EXPENDITURES	200	-	-	-	-	-	14,382,632
Excess of revenues over expenditures before transfers	21	-	105	26	10	-	(5,784,035)
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance							2,840,000
Transfers in							5,738,064
Transfers out							(1,283,072)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	7,294,992
Excess of revenues and expenditures	21	-	105	26	10	-	1,510,957
Fund balance, beginning of year	6,978	5,007	20,815	5,204	2,160	2,003	8,085,268
Fund balance, end of year	\$ 6,999	\$ 5,007	\$ 20,920	\$ 5,230	\$ 2,170	\$ 2,003	\$ 9,596,225

(CONCLUDED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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.

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TOWN OF NORTH KINGSTOWNNON-MAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

<u>ASSETS</u>	Quonset/ Davisville Reserve	School Cafeteria	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 27,388	\$ 1,190	\$ 28,578
Other receivables		57,545	57,545
Inventory		45,457	45,457
Total current assets	<u>27,388</u>	<u>104,192</u>	<u>131,580</u>
Net Capital Assets		<u>3,017</u>	<u>3,017</u>
TOTAL ASSETS	<u>\$ 27,388</u>	<u>\$ 107,209</u>	<u>\$ 134,597</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities:			
Due to other funds		\$ 149,213	\$ 149,213
Accounts payable		21,909	21,909
Total current liabilities	<u>\$ -</u>	<u>171,122</u>	<u>171,122</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net	-	(3,017)	(3,017)
Restricted net assets	-	-	-
Unrestricted	27,388	(60,896)	(33,508)
Total net assets	<u>27,388</u>	<u>(63,913)</u>	<u>(36,525)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,388</u>	<u>\$ 107,209</u>	<u>\$ 134,597</u>

TOWN OF NORTH KINGSTOWNNON-MAJOR ENTERPRISE FUNDS**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2006**

	Quonset/ Davisville Reserve	School Cafeteria	Total
Operating revenues:			
Charges for services		\$ 1,042,533	\$ 1,042,533
Total operating revenues	\$ -	1,042,533	1,042,533
Operating expenses:			
School cafeteria		1,418,954	1,418,954
Bad debts		80	80
Depreciation	-	1,462	1,462
Total operating expenses	-	1,420,496	1,420,496
Operating income (loss)	-	(377,963)	(377,963)
Non-operating revenues (expenses):			
Federal grants		272,709	272,709
State matching funds		14,882	14,882
Interest income	859		859
Total non-operating revenues (expenses):	859	287,591	288,450
Net income (loss)	859	(90,372)	(89,513)
Net assets - July 1, 2005	26,529	26,459	52,988
Net assets - June 30, 2006	\$ 27,388	\$ (63,913)	\$ (36,525)

TOWN OF NORTH KINGSTOWNNON-MAJOR ENTERPRISE FUNDSCOMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2006

	Quonset/ Davisville Reserve	School Cafeteria	Total
Cash flows from operating activities:			
Cash received from customers		\$ 1,019,938	\$ 1,019,938
Cash payments to suppliers for goods and services		(1,307,538)	(1,307,538)
Cash payments to employees for services		-	-
Net cash provided (used) by operating activities	\$ -	(287,600)	(287,600)
Cash flows from capital financing activities:			
Acquisition of capital assets	-	-	-
Net cash used by capital financing activities	-	-	-
Cash flows from noncapital financing activities:			
Federal grant receipts	-	272,709	272,709
State matching funds receipts	-	14,882	14,882
Net cash used by noncapital financing activities	-	287,591	287,591
Cash flows from investing activities:			
Interest on investments	859	-	859
Net cash provided by investing activities	859	-	859
Net increase (decrease) in cash and cash equivalents	859	(9)	850
Cash and cash equivalents, July 1, 2005	26,529	1,199	27,728
Cash and cash equivalents, June 30, 2006	\$ 27,388	\$ 1,190	\$ 28,578
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ -	\$ (377,963)	\$ (377,963)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	-	1,462	1,462
Decrease (increase) in other receivable	-	(22,595)	(22,595)
Increase in inventory	-	1,470	1,470
Increase in due to other funds	-	134,438	134,438
Increase (decrease) in accounts payable	-	(24,412)	(24,412)
Net cash provided by (used for) operating activities	\$ -	\$ (287,600)	\$ (287,600)

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TOWN OF NORTH KINGSTOWN, RHODE ISLAND

PRIVATE PURPOSE TRUST FUNDS

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

Burial Funds – The net assets of these funds are for the care and maintenance expenses for certain burial lots within 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	

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**Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006**

	Burial Funds					
	Hall	Vaughn	Young	Rebecca Hammond	W.H. Welling	George C. Hall
ASSETS						
Cash	\$ 501	\$ 100	\$ 300	\$ 300	\$ 8,625	\$ 200
LIABILITIES						
NET ASSETS						
Held in Trust for private purposes per trust agreements	\$ 501	\$ 100	\$ 300	\$ 300	\$ 8,625	\$ 200

(CONTINUED)

**Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006**

		Burial Funds						
		B.H. Davis	Updike	Mary Carpenter	Smith- Lawton	Old Baptist Cemetery	Smith	Burial Totals
ASSETS								
Cash	\$	501	\$ 1,573	\$ 1,001	\$ 4,606	\$ 701	\$ 1,001	\$ 19,409
		-	-	-	-	-	-	-
LIABILITIES								
NET ASSETS								
Held in Trust for private purposes per trust agreements	\$	501	\$ 1,573	\$ 1,001	\$ 4,606	\$ 701	\$ 1,001	\$ 19,409

TOWN OF NORTH KINGSTOWN

Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006

	Probate Funds					
	Lawton	Weeks	Cogan	Jones	Probate Totals	GRAND TOTALS
ASSETS						
Cash	\$ 8,261	\$ 2,403	\$ 558	\$ 211	\$ 11,433	\$ 30,842
LIABILITIES						
	-	-	-	-	-	-
NET ASSETS						
Held in Trust for private purposes per trust agreements	\$ 8,261	\$ 2,403	\$ 558	\$ 211	\$ 11,433	\$ 30,842

(CONCLUDED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006

H-2

	Burial Funds					
	Hall	Vaughn	Young	Rebecca Hammond	W.H. Welling	George C. Hall
ADDITIONS:						
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ -
					43	
DEDUCTIONS:						
Operating expense per trust agreement	-	-	-	-	-	-
CHANGE IN NET ASSETS	-	-	-	-	43	-
Net Assets, beginning	501	100	300	300	8,582	200
Net Assets, ending	\$ 501	\$ 100	\$ 300	\$ 300	\$ 8,625	\$ 200

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006

	Burial Funds							
	B.H. Davis	Updike	Mary Carpenter	Smith-Lawton	Old Baptist Cemetery	Smith	Burial Totals	
ADDITIONS:								
Investment income	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51
	-	8	-	-	-	-	-	51
DEDUCTIONS:								
Operating expense per trust agreement	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	-	8	-	-	-	-	-	51
Net Assets, beginning	501	1,565	1,001	4,606	701	1,001	19,358	
Net Assets, ending	\$ 501	\$ 1,573	\$ 1,001	\$ 4,606	\$ 701	\$ 1,001	\$ 19,409	

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2006

	Probate Funds					GRAND TOTALS
	Lawton	Weeks	Cogan	Jones	Probate Totals	
ADDITIONS:						
Investment income	\$ 41	\$ 75	\$ 18	\$ 7	\$ 141	\$ 192
	41	75	18	7	141	192
DEDUCTIONS:						
Operating expense per trust agreement	-	-	-	-	-	-
CHANGE IN NET ASSETS	41	75	18	7	141	192
Net Assets, beginning	8,220	2,328	540	204	11,292	30,650
Net Assets, ending	\$ 8,261	\$ 2,403	\$ 558	\$ 211	\$ 11,433	\$ 30,842

(CONCLUDED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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.

Perkins Vocational Education - To account for funds received on behalf of other school departments.

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Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2006

<u>SCHOOL ACTIVITY FUNDS</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Cash	\$ 257,101	\$ 667,146	\$ 630,081	\$ 294,166
<u>LIABILITIES</u>				
Due to student groups	\$ 257,101	\$ 667,146	\$ 630,081	\$ 294,166
<u>PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash	\$ 10,307	\$ 36,080,532	\$ 36,022,531	\$ 68,308
Due from other funds	(8,539)	16,400,605	16,390,035	2,031
TOTAL ASSETS	\$ 1,768	\$ 52,481,137	\$ 52,412,566	\$ 70,339
<u>LIABILITIES</u>				
Payroll withholdings	\$ 1,768	\$ 25,977,223	\$ 26,045,794	\$ 70,339
<u>SCHOOL PAYROLL FUND</u>				
<u>ASSETS</u>				
Cash	\$ 78,339	\$ 75,103,006	\$ 75,147,929	\$ 33,416
Due from other funds	535,611	34,335,195	34,812,872	57,934
TOTAL ASSETS	\$ 613,950	\$ 109,438,201	\$ 109,960,801	\$ 91,350
<u>LIABILITIES</u>				
Payroll withholdings	\$ 613,950	\$ 53,340,859	\$ 52,818,259	\$ 91,350

(CONTINUED)

TOWN OF NORTH KINGSTOWN

I-1

**Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2006**

DEVELOPER SURETY ESCROW

ASSETS

Cash	\$	149,804	\$	1,495,054	\$	934,748	\$	710,110
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LIABILITIES

Deposits held in custody for others	\$	149,804	\$	934,748	\$	1,495,054	\$	710,110
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PERKINS VOCATIONAL ED

ASSETS

Cash	\$	-	\$	63,999	\$	63,999	\$	-
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LIABILITIES

Due to Subrecipient	\$	-	\$	63,999	\$	63,999	\$	-
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TOTAL - ALL AGENCY FUNDS

ASSETS

Cash	\$	495,551	\$	113,409,737	\$	112,799,288	\$	1,106,000
Due from other funds		527,072		50,735,800		51,202,907		59,965
TOTAL ASSETS	\$	1,022,623	\$	164,145,537	\$	164,002,195	\$	1,165,965

LIABILITIES

Due to student groups	257,101	667,146	630,081	294,166				
Deposits Held in Custody for Others	149,804	934,748	1,495,054	710,110				
Due to sub recipients	-	63,999	63,999	-				
Payroll withholdings	615,718	79,318,082	78,864,053	161,689				
TOTAL LIABILITIES	\$	1,022,623	\$	80,983,975	\$	81,053,187	\$	1,165,965

(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH KINGSTOWN

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

Library Fund
Year Ended June 30, 2006

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
State Aid	\$ 196,468	\$ 196,468	\$ 196,767	\$ 299
Departmental Revenue	40,000	40,000	46,137	6,137
Miscellaneous	500	500	143	(357)
Total Revenues	<u>236,968</u>	<u>236,968</u>	<u>243,047</u>	<u>6,079</u>
Expenditures:				
Library	1,180,342	1,180,342	1,174,600	5,742
Total Expenditures	<u>1,180,342</u>	<u>1,180,342</u>	<u>1,174,600</u>	<u>5,742</u>
Excess of expenditures over revenues	(943,374)	(943,374)	(931,553)	11,821
Other financing sources:				
Operating transfer from Town	951,971	951,971	951,971	-
Transfers out	(20,597)	(21,600)	(21,600)	-
Transfer from fund balance	12,000	12,000	12,000	-
Net other financing sources	<u>943,374</u>	<u>942,371</u>	<u>942,371</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	\$ -	\$ (1,003)	\$ 10,818	\$ 11,821

TOWN OF NORTH KINGSTOWN

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

**Debt Service Fund
Year Ended June 30, 2006**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
State Aid	\$ 1,273,415	\$ 1,273,415	\$ 1,168,358	\$ (105,057)
Miscellaneous	2,500	2,500	6,614	4,114
Total Revenues	1,275,915	1,275,915	1,174,972	(100,943)
Expenditures:				
Debt Service Municipal	1,477,603	1,477,603	1,476,172	1,431
Debt Service School	4,051,465	4,051,465	3,949,997	101,468
Total Expenditures	5,529,068	5,529,068	5,426,170	102,898
Excess of expenditures over revenues	(4,253,153)	(4,253,153)	(4,251,198)	1,955
Other financing sources:				
Operating transfer from Town	3,761,420	3,761,420	3,761,420	-
Transfer from Impact Fees	190,000	190,000	238,654	48,654
Transfer from fund balance	301,733	301,733	301,733	-
Net other financing sources	4,253,153	4,253,153	4,301,807	48,654
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 50,610	\$ 50,610

TOWN OF NORTH KINGSTOWN

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

School Capital Reserve Fund
Year Ended June 30, 2006

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 21,319	\$ 21,319
Total Revenues	<u>-</u>	<u>-</u>	<u>21,319</u>	<u>21,319</u>
Other financing sources (uses):				
Operating transfer from Town	-	-	-	-
Transfers In	-	-	273,268	273,268
Transfer to School Fund	-	-	(132,560)	(132,560)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>140,708</u>	<u>140,708</u>
Excess (deficiency) of revenues and other sources over other uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,027</u>	<u>\$ 162,027</u>

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THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

STATISTICAL SECTION

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE 1
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS**

FISCAL YEAR	2006	2005	2004	2003
Governmental Activities				
Invested in Capital assets, net of related debt	\$12,563,318	\$ (1,469,025)	\$ (1,861,551)	\$ (4,333,063)
Restricted For:				
Permanent Funds	88,580	86,537	87,654	
Debt Service				1,445,923
Capital Projects				4,412,453
Specific Programs				2,980,858
Unrestricted	25,719,107	23,083,191	20,305,262	14,300,299
Total governmental Activities net assets	38,371,005	21,700,703	18,531,365	18,806,470
Business-type activities				
Invested in Capital assets, net of related debt	4,835,395	4,720,878	3,856,102	4,221,731
Unrestricted	5,663,520	5,209,767	5,599,958	5,008,473
Total business-type activities net assets	10,498,915	9,930,645	9,456,060	9,230,204
Primary Government				
Invested in Capital assets, net of related debt	17,398,713	3,251,853	1,994,551	(111,332)
Restricted for:				
Permanent Funds	88,580	86,537	87,654	
Debt Service				1,445,923
Capital Projects				4,412,453
Specific Programs				2,980,858
Unrestricted	31,382,627	28,292,958	25,905,220	19,308,772
Total primary government net assets	\$48,869,920	\$31,631,348	\$27,987,425	\$28,036,674

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE 2
CHANGES IN NET ASSETS, LAST FOUR FISCAL YEARS
GOVERNMENTAL ACTIVITIES
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	2006	2005	2004	2003
Expenses				
Governmental Activities:				
General government	\$ 6,558,106	\$ 7,310,123	\$ 6,437,736	\$ 6,303,068
Public Safety	13,000,576	11,551,917	11,297,060	10,151,088
Public Works	4,116,279	4,530,289	4,330,139	3,316,262
Parks and recreation	500,417	585,699	593,594	376,334
Senior Services	300,022	297,474	286,475	271,638
Education	55,583,451	53,565,325	53,810,038	47,534,281
Public libraries	1,055,453			
Per trust agreements	101,657	173,407	204,109	184,879
Human resources	55,939	35,730	228,162	138,295
Debt Services	1,901,273	5,718,453	5,873,276	6,044,921
Capital Expenditure	1,604,459	673,545	1,555,726	458,479
Total governmental activities	84,777,632	84,441,962	84,616,315	74,779,245
Business-type activities:				
Water	2,552,342	2,241,119	2,142,179	1,805,529
Q/D Recreation	1,329,769	1,263,139	1,288,509	1,153,835
Non-major	1,420,496	1,416,646	1,291,890	1,231,243
Total business-type activities	5,302,607	4,920,904	4,722,578	4,190,607
Total primary government expense	90,080,239	89,362,866	89,338,893	78,969,852
General Revenues and Other Changes in Net Assets				
Governmental activities:				
General property taxes	58,970,429	53,653,354	53,805,401	51,272,225
Intergovernmental	25,440,563	21,486,434	19,567,049	18,606,909
Departmental	1,536,297	2,130,545	1,867,836	1,686,501
Licenses and permits		442,178	524,995	355,158
Investment income	1,330,547	817,032	403,138	365,601
Other	588,085	6,452,149	6,411,041	5,369,664
Transfer from business-type activity	170,064	375,000	278,383	405,241
Total governmental activities revenues	11	85,356,692	82,857,843	78,061,299
Business-type activities:				
Water	2,876,360	2,602,127	2,353,692	2,431,537
Q/D Recreation	1,659,252	1,583,353	1,553,365	1,470,694
Non-major	1,505,329	1,010,897	1,296,653	1,234,882
Transfer to governmental activity	(170,064)	(375,000)	(278,383)	(405,241)
Total business-type activities	5,870,877	4,821,377	4,925,327	4,731,872
Total primary government revenues	5,870,888	90,178,069	87,783,170	82,793,171
Net (Expense)/Revenue				
Governmental activities	(84,777,621)	914,730	(1,758,472)	3,282,054
Business-type activities	568,270	(99,527)	202,749	541,265
Total primary government net expense	\$ (84,209,351)	\$ 815,203	\$ (1,555,723)	\$ 3,823,319

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

FISCAL YEAR	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$ 773,094	\$ 1,419,288	\$ 1,148,088	\$ 1,566,317	\$ 1,089,535	\$ 1,766,553	\$ 673,354	\$ 744,131	\$ 333,283	\$ 304,724
Unreserved	9,310,242	8,307,409	8,440,188	7,070,034	5,546,543	5,140,412	4,269,461	2,965,374	1,685,719	501,935
Total General Fund	10,083,336	9,726,697	9,588,276	8,636,351	6,636,078	6,906,965	4,942,815	3,709,505	2,019,002	806,659
School Fund										
Reserved	1,206,105	928,823	229,952	2,034,919	2,025,027	970,395	636,715	606,268	257,997	559,944
Unreserved	891,558	257,930	682,931	378,429	171,893	127,829	222,667	471,559	259,728	39,976
Total School Fund	\$2,097,663	\$ 1,186,753	\$ 912,883	\$ 2,413,348	\$ 2,196,920	\$ 1,098,224	\$ 859,382	\$ 1,077,827	\$ 517,725	\$ 599,920
All Other Governmental Funds										
Reserved	884,321	1,138,700	1,667,297	1,445,923	820,301	1,498,134	1,104,243	1,030,534		1,763
Unreserved, reported in:										
Special revenue funds	2,935,006	2,776,413	2,602,830	1,187,037	1,335,144	636,491	881,568	1,073,935	574,935	723,965
Capital project funds	5,688,318	4,083,618	3,136,510	4,412,453	3,923,003	16,402,712	31,100,614	3,600,642	(1,866,232)	(189,761)
Permanent funds	88,580	86,537	87,654	1,658,821		500,000				
Debt service funds										
Total all other governmental funds	\$9,596,225	\$ 8,085,268	\$ 7,494,291	\$ 8,704,234	\$ 6,078,448	\$ 19,037,337	\$ 33,086,425	\$ 5,705,111	\$ (1,291,297)	\$ 535,967

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE 4
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

FISCAL YEAR	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues:										
General property taxes	\$ 56,100,311	\$ 53,653,354	\$ 53,805,401	\$ 51,272,225	\$ 48,570,277	\$ 44,883,156	\$ 42,758,479	\$ 40,769,658	\$ 37,952,468	\$ 34,807,159
Intergovernmental	22,292,512	21,486,434	19,567,048	18,606,909	17,772,102	16,835,239	14,836,130	14,174,653	13,214,911	12,408,786
Departmental	2,054,915	2,130,545	1,867,836	1,686,501						
Licenses and permits	539,812	442,178	524,985	355,158	374,236	392,050	402,843	357,301	468,894	386,271
Investment income	1,277,430	817,032	403,138	365,601	643,042	2,375,650	2,084,237	780,129	572,223	553,512
Other	5,308,497	6,452,149	6,411,041	5,369,664	3,587,938	3,728,396	3,655,272	4,527,401	2,434,980	1,612,459
Total revenues	87,573,477	84,981,682	82,579,460	77,686,068	70,947,595	68,214,491	63,736,961	60,609,342	54,643,476	49,738,187
Expenditures:										
General Government	6,531,836	7,310,123	6,437,736	6,303,088	4,620,090	4,935,355	4,294,109	4,374,433	3,434,508	3,230,677
Public Safety	12,557,047	11,551,917	11,287,060	10,151,088	10,065,679	8,946,977	8,647,435	8,397,280	7,878,245	7,528,741
Public works	4,158,503	4,530,289	4,330,139	3,316,262	3,618,773	3,750,904	3,459,956	3,196,476	3,609,213	3,716,511
Parks and recreation	499,780	585,699	583,594	376,334						
Senior services	285,376	297,474	286,475	271,638						
Education	54,852,418	53,565,325	53,810,038	47,534,281	44,401,975	41,719,508	39,107,712	37,551,560	34,711,315	32,464,689
Public libraries	1,223,869	173,407	204,109	184,879						
Per trust agreements	101,657	35,730	228,162	138,295	1,940,276	1,909,148	1,842,729	1,955,234	2,123,528	1,846,545
Human resources	55,939									
Debt service										
Principal	3,624,190	3,309,194	3,309,190	3,319,190	3,129,192	1,344,192	1,319,190	870,000	865,000	480,000
Interest and other costs	1,801,980	2,409,259	2,564,086	2,725,731	2,871,863	2,668,113	1,671,650	607,845	955,271	309,514
Capital expenditures	2,313,693	673,545	1,555,726	458,479	14,488,499	23,531,451	7,858,089	5,470,694	2,249,067	5,285,928
Total expenditures	88,006,288	84,441,962	84,616,315	74,779,245	85,136,347	88,805,648	68,144,870	62,423,522	55,826,147	54,842,605
Excess of revenues over (under) expenditures	(432,811)	539,730	(2,036,855)	2,876,813	(14,188,752)	(20,591,157)	(4,407,909)	(1,814,180)	(1,182,671)	(5,104,418)
Other financing sources (uses):										
Proceeds of Refunding Debt	-	30,360,000						3,300,000		
Refunding Debt Escrow Agent	-	(30,660,215)						(3,290,541)		
Bond premium	-	606,993								
Bond issuance	2,840,000				1,900,000	7,680,000	33,000,000	9,690,000		
Bond issuance costs	-	(188,635)						(9,459)		
Lease Proceeds	-					630,709	122,545	200,000	480,000	
Transfers in	44,197,516	43,615,244	41,708,213	38,965,689	39,444,613	32,769,514	30,345,832	27,111,938	25,419,957	24,130,878
Transfers out	(43,826,199)	(43,289,859)	(41,429,830)	(38,580,448)	(39,007,816)	(32,358,351)	(29,978,127)	(26,769,714)	(25,075,406)	(23,776,006)
Total other financing sources (uses)	3,211,317	463,528	278,383	405,241	2,336,797	8,721,872	33,492,250	10,232,224	824,551	354,872
Net change in fund balances	\$ 2,778,506	\$ 1,003,258	\$ (1,758,472)	\$ 3,282,054	\$ (11,851,955)	\$ (11,869,285)	\$ 29,084,341	\$ 8,418,044	\$ (358,120)	\$ (4,749,546)
Debt service as a percentage of noncapital expenditures	6.33%	6.83%	7.07%	8.13%	8.49%	6.15%	4.87%	2.59%	3.40%	1.55%

Notes:
Intergovernmental and Departmental revenues were combined until Fiscal Year 2003
Parks and recreation, Senior services and Human resources were combined until Fiscal Year 2003

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE 5
TAX REVENUE BY SOURCE, GOVERNMENT FUNDS
LAST TEN YEARS

Source	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Payments in Lieu of Taxes	\$ 1,932,964	\$ 1,911,952	\$ 2,389,421	\$ 2,097,705	\$ 1,540,240	\$ 2,206,529	\$ 2,192,765	\$ 2,248,978	\$ 2,050,510	\$ 1,950,615
Real Estate Taxes	48,706,823	46,621,254	45,232,284	43,130,374	40,886,216	36,211,628	34,054,552	31,989,565	29,939,618	27,388,093
Motor Vehicle Taxes	2,998,680	2,623,349	2,762,556	2,742,140	2,873,157	2,852,599	2,939,681	3,155,394	2,764,434	2,423,175
Personal Property Taxes	1,253,190	1,185,974	1,911,634	1,805,045	1,866,828	2,033,005	1,992,295	1,849,265	1,615,416	1,468,806
Prior Year Taxes	1,000,309	1,003,704	1,203,814	1,185,060	1,155,500	1,278,165	1,286,536	1,295,059	1,254,466	1,100,294
	\$ 55,891,966	\$ 53,346,233	\$ 53,499,709	\$ 50,960,325	\$ 48,321,942	\$ 44,581,927	\$ 42,465,829	\$ 40,538,262	\$ 37,624,443	\$ 34,330,983

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE 6
 ASSESSED VALUES AND ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Assessed Value					Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate Real Property	Total Direct Tax Rate Motor Vehicle	Total Direct Tax Rate Inventory	Estimated Full Taxable Value	Real Estate Only Assessed Value as a Percentage of Actual Value
	Real Estate	Personal Property	Inventory	Motor Vehicles	Total Taxable Assessed Value							
2006	3,401,172,700	86,288,720		250,051,917	3,568,483,661	169,029,676	14.85	22.04		4,434,139,071	0.830	
2005	3,373,797,470	84,417,360		221,425,702	3,525,604,088	154,036,444	14.38	22.04		3,679,640,532	1.000	
2004	2,011,507,975	85,317,810		228,647,217	2,189,162,245	136,310,757	23.31	22.04		3,107,726,103	0.720	
2003	1,986,996,310	82,121,190		226,694,293	2,161,079,284	134,732,509	22.60	22.04		2,702,786,941	0.830	
2002	1,954,112,590	83,110,590		211,150,852	2,136,496,317	111,877,715	21.94	22.04		2,308,810,504	0.970	
2001	1,536,301,370	80,991,371	5,192,610	191,199,906	1,728,519,804	85,165,453	24.65	22.04	18.24	2,017,988,288	0.880	
2000	1,500,902,170	79,192,539	10,134,660	174,978,378	1,709,592,473	55,615,294	23.68	22.04	20.52	1,885,586,319	0.920	
1999	1,470,037,800	84,997,805		146,321,148	1,678,779,770	22,176,983	22.79	22.79		1,825,320,038	0.922	
1998	1,433,174,000	77,555,850		133,674,670	1,622,101,177	22,303,343	22.04	22.04		1,719,834,731	0.950	
1997	1,401,248,700	74,896,740		125,596,212	1,578,054,704	23,686,948	20.76	20.76		1,699,154,663	0.935	

Source: Town of North Kingstown Tax Assessor

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE 7
DIRECT PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Direct Rates		
	Real Estate & Personal Property	Motor Vehicles	Inventory
2007	15.55	22.04	
2006	14.85	22.04	
2005	14.38	22.04	
2004	23.31	22.04	
2003	22.60	22.04	
2002	21.94	22.04	
2001	24.65	22.04	18.24
2000	23.68	22.04	20.52
1999	22.79	22.79	
1998	22.04	22.04	
1997	20.76	20.76	

Source: Town of North Kingstown Tax Assessor

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

SCHEDULE 8
PRINCIPLE PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

2006		1998	
Taxable Assessed Value	Rank	Percent of Total Town Taxable Assessed Value	
		Value	Rank
NARRAGANSETT ELECTRIC CO	26,385,950	1	0.70%
WREC PRECISION PARK LLC	18,844,700	2	0.50%
ZAKOPANE REAL ESTATE ASSOC INC	14,521,000	3	0.38%
HOME DEPOT USA INC	12,078,420	4	0.32%
NEW PLAN HUNT RIVER COMMONS LLC	11,617,500	5	0.31%
WAL-MART REAL ESTATE BUSINESS TRUST	10,140,900	6	0.27%
FUJIFILM ELECTRONIC MATERIALS USA	8,851,770	7	0.23%
MILLCREEK LIMITED LIABILITY CO	8,072,200	8	0.21%
HERITAGE VILLAGE ASSOCIATE	7,673,300	9	0.20%
MEADOWS PROFESSIONAL	7,011,300	10	0.18%
QUIDNESSETT CNTRY CLUB INC	6,843,790	11	0.18%
NEW ENGLAND GAS COMPANY	5,960,940	12	0.16%
ESSEX VILLAGE COMPANY	5,892,300	13	0.16%
TORAY PLASTICS AMERICA INC	5,724,660	14	0.15%
KINGSTOWN PLAZA LIMITED PART	5,644,100	15	0.15%
WICKBAY PROPERTIES INC	5,275,300	16	0.14%
KINGS GRANT CO	5,169,600	17	0.14%
COX COM INC	5,097,340	18	0.13%
WICKFORD SHIPYARD INC	4,905,200	19	0.13%
SLOCUM WOODS INC	4,824,550	20	0.13%
HIGH LEA PROPERTIES LLC	4,620,200	21	0.12%
CIOE WJA1 LLC	4,481,100	22	0.12%
WICKFORD VILLAGE REALTY LP	4,312,700	23	0.11%
STONE, DON W	4,285,400	24	0.11%
WEST DAVISVILLE REALTY CO LLC	4,108,300	25	0.11%
NARRAGANSETT ELECTRIC CO	31,742,490	1	1.87%
BROWN & SHARPE MFG CO	17,851,550	2	1.05%
HUNT RIVER SHOPPING CENTER	8,609,600	3	0.51%
HERITAGE VILLAGE ASSOCIATES	6,110,100	4	0.36%
PROVIDENCE GAS CO	5,575,410	5	0.33%
BAY SHORE VENTURES	5,086,900	6	0.30%
TORAY PLASTICS AMERICA	4,441,940	7	0.26%
OAKWOOD LIVING CENTER	3,804,500	8	0.22%
ESSEX VILLAGE COMPANY	3,750,300	9	0.22%
MILLCREEK LIMITED	3,731,100	10	0.22%
KINGSTOWN PLAZA LIMITED PART	3,728,500	11	0.22%
KINGS GRANT CO	3,541,400	12	0.21%
WAL-MART STORES INC	3,385,250	13	0.20%
QUIDNESSETT COUNTRY CLUB	3,358,100	14	0.20%
WICKFORD VILLAGE ASSOCIATES	3,308,100	15	0.19%
ZAKAPONE REAL ESTATE ASSOC INC	2,936,000	16	0.17%
ALBEMARLE FRENCHTOWN LLC	2,813,400	17	0.17%
ASQAH CO-OPERATIVE INC	2,287,100	18	0.13%
STONE, DON W	2,168,000	19	0.13%
S L S ASSOCIATES LTD PRTSHP	2,130,800	20	0.13%
OCG MICROELECTRONIC MATERIALS	2,054,800	21	0.12%
CASTELUCCI STONE, IND INC	1,976,100	22	0.12%
RESCORP LLC	1,957,300	23	0.12%
WICKFORD SHIPYARD INC	1,921,600	24	0.11%
FLEET NATIONAL BANK	1,874,870	25	0.11%

Source: Town of North Kingstown Tax Assessor

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 54,015,438	\$ 52,958,011	98.04%	\$ 989,960	\$ 53,947,971	99.88%
2005	51,486,719	50,430,577	97.95%	1,003,704	51,434,281	99.90%
2004	50,952,549	49,906,474	97.95%	1,188,649	51,095,123	100.28%
2003	48,766,433	47,677,559	97.77%	1,185,061	48,862,620	100.20%
2002	46,885,673	45,641,683	97.35%	1,163,922	46,805,605	99.83%
2001	42,225,274	41,097,232	97.33%	1,278,165	42,375,397	100.36%
2000	40,225,839	38,986,528	96.92%	1,286,536	40,273,064	100.12%
1999	38,338,764	36,994,035	96.49%	1,295,062	38,289,097	99.87%
1998	35,738,674	34,325,596	96.05%	1,248,475	35,574,071	99.54%
1997	32,674,331	31,280,074	95.73%	1,100,294	32,380,368	99.10%

Source: Town of North Kingstown Tax Assessor and Finance Departments

TOWN OF NORTH KINGSTOWN

**SCHEDULE 10
WATER SOLD BY TYPE OF SERVICE
LAST SEVEN CALENDAR YEARS**

Type of Service	Fiscal Year						
	2006	2005	2004	2003	2002	2001	2000
Commercial	59,812,660	71,331,330	64,643,680	49,583,850	52,474,569	55,560,300	59,142,555
Residential	566,963,705	727,902,558	568,184,747	872,035,060	594,910,338	621,967,273	539,772,768
Other	6,010,500	8,847,020	8,499,400	13,862,625	8,056,080	8,056,080	5,083,570
Public	10,111,350	22,658,056	7,993,173	121,555,750	6,618,810	6,618,810	12,192,396

Source: Town of North Kingstown Water Department

TOWN OF NORTH KINGSTOWN

**SCHEDULE 11
WATER RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Base Rate	Rate per 1,000 Gallons
2006	13.49	2.400
2005	13.26	2.200
2004	13.03	2.050
2003	12.41	1.935
2002	12.41	1.935
2001	12.15	1.898
2000	11.90	1.863
1999	11.64	1.714
1998	11.10	1.592
1997	10.00	1.400

Source: North Kingstown Water Department

TOWN OF NORTH KINGSTOWN

SCHEDULE 12
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Net Bonded Debt per Capita	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	Quonset Davisville Recreation Bonds	Water Bonds	Water Bonds					
2006	45,400,659	399,341	114,198	399,341	45,914,198	982.42%	1,744.06	3,568,483,661	1.29%
2005	46,184,851	430,151	222,261	430,151	46,837,263	1002.17%	1,779.13	3,525,604,088	1.33%
2004	47,904,043	460,954	324,448	460,954	48,689,445	1041.80%	1,849.48	2,189,162,245	2.22%
2003	51,213,233	491,767	421,079	491,767	52,126,079	1115.33%	1,980.02	2,199,172,497	2.37%
2002	54,532,424	522,576	512,456	522,576	55,567,456	1188.96%	2,110.74	2,173,955,239	2.56%
2001	55,761,616	598,864	598,864	598,864	56,913,864	1217.77%	2,161.89	1,759,230,918	3.24%
2000	50,010,000	680,574	680,574	680,574	50,690,574	1084.62%	2,131.11	1,709,592,473	2.97%
1999	18,360,000	757,841	757,841	757,841	19,117,841	1049.39%	803.74	1,678,779,770	1.14%
1998	9,600,000	830,907	830,907	830,907	10,430,907	572.56%	438.53	1,622,101,177	0.64%
1997	10,465,000	900,000	900,000	900,000	11,365,000	623.83%	477.80	1,578,054,704	0.72%

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements
 *See Schedule 16 for personal income and population data.

TOWN OF NORTH KINGSTOWN

**SCHEDULE 13
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year June 30,	Governmental Activities General Obligation Bonds	Percentage of Actual Taxable Value [^] of Property	Per Capita [*]
2006	45,400,659	1.27%	1,724.56
2005	46,184,851	1.31%	1,754.34
2004	47,904,043	2.19%	1,819.65
2003	51,213,233	2.37%	1,945.35
2002	54,532,424	2.55%	2,071.43
2001	55,761,616	3.23%	2,118.12
2000	50,010,000	2.93%	2,102.50
1999	18,360,000	1.09%	771.88
1998	9,600,000	0.59%	403.60
1997	10,465,000	0.66%	439.96

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements

[^] See Schedule 6 for property value data.

^{*} Population data can be found in Schedule 16.

TOWN OF NORTH KINGSTOWN

SCHEDULE 14
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Total assessed value	3,568,483,661	3,525,604,088	2,189,162,245	2,161,079,284	2,136,496,317	1,728,519,804	1,709,592,473	1,678,779,770	1,622,101,177	1,578,054,704
Rhode Island General Law debt limitation as % of assessed value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt limit	107,054,510	105,768,123	65,674,867	64,832,379	64,094,890	51,855,594	51,287,774	50,363,393	48,663,035	47,341,641
Debt applicable to limit:										
Water Tower Issue	114,198	114,198	222,261	326,448	512,456	598,864	680,574	757,841	830,907	900,000
Bonded Debt Subject to Limit	114,198	114,198	222,261	326,448	512,456	598,864	680,574	757,841	830,907	900,000
Legal debt limit	107,054,510	105,768,123	65,674,867	65,875,175	65,218,657	52,778,928	51,287,774	50,363,393	48,663,035	47,341,641
Total net debt applicable to the limit	114,198	114,198	222,261	326,448	512,456	598,864	680,574	757,841	830,907	900,000
Legal debt margin	106,940,312	105,653,925	65,452,606	65,648,727	64,706,201	52,178,064	50,607,200	49,605,552	47,832,128	46,441,641
Total net debt applicable to the limit as a percentage of debt limit	0.11%	0.11%	0.34%	0.50%	0.80%	1.15%	1.33%	1.50%	1.71%	1.90%

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 Is General Law 45-12-11.

TOWN OF NORTH KINGSTOWN

**SCHEDULE 15
PLEDGED REVENUE COVERAGE
WATER BONDS
LAST TEN FISCAL YEARS**

Fiscal Year June 30,	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest	Dollars	Percentage
2006	2,876,360	2,539,562	336,798	108,063	12,780	215,955	178.71%
2005	2,534,054	2,241,119	292,935	102,187	18,656	172,092	142.41%
2004	2,266,601	1,920,257	346,344	96,631	24,212	225,501	186.61%
2003	2,320,485	1,805,529	514,956	91,377	29,466	394,113	326.14%
2002	2,475,044	1,575,459	899,585	86,408	34,435	778,742	644.42%
2001	2,057,847	1,922,461	135,386	81,710	39,133	14,543	12.03%
2000	2,214,595	1,779,305	435,290	77,267	43,576	314,447	260.21%
1999	1,959,705	1,946,845	12,860	73,066	47,777	(107,983)	-89.36%
1998	1,806,026	1,759,703	46,323	69,093	51,750	(74,520)	-61.67%
1997	1,569,468	1,496,749	72,719	-	-	72,719	N/A

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF NORTH KINGSTOWN

**SCHEDULE 16
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Fiscal Year June 30,	Population	Per Capita Personal Income	School Enrollment	Unemployment Rate
2006	26,326	46,736	4,607	4.2
2005	26,326	46,736	4,711	4.1
2004	26,326	46,736	4,729	4.7
2003	26,326	46,736	4,659	3.8
2002	26,326	46,736	4,599	3.3
2001	26,326	46,736	4,560	3.4
2000	23,786	18,218	4,560	2.8
1999	23,786	18,218	4,539	2.8
1998	23,786	18,218	4,533	2.9
1997	23,786	18,218	4,482	4.2

- (1) Population and Per Capita Personal Income from the U.S. Department of Commerce, Bureau of the Census 2000.
- (2) North Kingstown School Department as of June 30th of each years. Numbers include resident students sent out.
- (3) Rhode Island Department of Labor and Training.

TOWN OF NORTH KINGSTOWN

**SCHEDULE 17
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2006		1998					
Employer	Employees	Rank	Percentage of Total Town Employment	Employer	Employees	Rank	Percentage of Total Town Employment
ELECTRIC BOAT CORPORATION	2000	1	13.07%	ELECTRIC BOAT CORPORATION	1032	1	6.96%
TORAY PLASTICS, INC	695	2	4.54%	TOWN OF NORTH KINGSTOWN	800	2	5.39%
PERSPECTIVES CORP	650	3	4.25%	TORAY PLASTICS AMERICA INC	573	3	3.86%
HEXAGON METROLOGY, INC	350	4	2.29%	PERSPECTIVES CORP	500	4	3.37%
143D AIR WING, RIANG	303	5	1.98%	BROWN & SHARPE MFG. CO.	400	5	2.70%
OCEAN STATE JOBBERS, INC	300	6	1.96%	R.I. AIR NATIONAL GUARD	252	6	1.70%
TOWN OF NORTH KINGSTOWN	300	7	1.96%	OCEAN STATE JOBBERS INC	200	7	1.35%
THE HOME DEPOT	250	8	1.63%	WAL-MART	200	8	1.35%
NORTH ATLANTIC DISTRIBUTION, INC	248	9	1.62%	CUSTOM DESIGN INC	150	9	1.01%
THE STOP & SHOP CO, INC	225	10	1.47%	GRINNELL CORP	150	10	1.01%
STAR GAS SERVICE	212	11	1.39%	GREGG'S	150	11	1.01%
WAL-MART	200	12	1.31%	SO COUNTY NURSING CTR	150	12	1.01%
SENECO	160	13	1.05%	SCALABRINI VILLA	120	13	0.81%
AMERICAN BIOPHYSICS CORP	150	14	0.98%	AMES DEPARTMENT STORE	100	14	0.67%
GREGG'S	150	15	0.98%	NO ATLANTIC DISTRIBUTION INC	100	15	0.67%
SOUTH COUNTY NURSING CENTER	150	16	0.98%	JOHN J ORR & SONS INC	100	16	0.67%
CUSTOM DESIGN, INC	150	17	0.98%	ILLUMINATION CONCEPTS & ENG.	94	17	0.63%
ANVIL INTERNATIONAL, INC	134	18	0.88%	COMMUNITY CARE NURSES INC	85	18	0.57%
SCALABRINI VILLA	120	19	0.78%	MARO DISPLAY INC	75	19	0.51%
ARCH CHEMICALS, INC	120	20	0.78%	AUTOMATION SOFTWARE INC	70	20	0.47%
ADECCO STAFFING	100	21	0.65%	CASTELLUCCI STONE IND., INC.	60	21	0.40%
QUIDNESSETT COUNTRY CLUB	100	22	0.65%	LAFAYETTE NURSING HOME	60	22	0.40%
DAVE'S MARKETPLACE N. KINGSTOWN	100	23	0.65%	PAUL BAILEY'S DODGE	60	23	0.40%
DAVE'S MARKETPLACE WICKFORD	100	24	0.65%	NARAGANSETT LITHO LTD	59	24	0.40%
RI BEVERAGE PACKING CO	90	25	0.59%	ARMY AVIATION SUPPORT FACILITY	58	25	0.39%
COMMUNITY CARE NURSES, INC	85	26	0.56%	ROBERTS HEALTH CENTRE, INC	55	26	0.37%

Source: Rhode Island Department of Economic Development

TOWN OF NORTH KINGSTOWN

**SCHEDULE 18
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Town Council	5	5	5	5	5	5	5	5	5	5
Town Manager	2	2	2	2	2	2	3	3	2	2
Town Clerk/Bd. Of Canvassers	6	6	6	6	6	6	7	7	7	8
Finance/Data Processing	8	8	9	10	9	10	11	10	10	10
Assessor	4	4	4	4	4	4	3	4	4	3
Fire	71	71	74	72	78	80	69	72	75	73
Police/Animal Control	58	58	61	66	63	61	61	62	60	60
Planning	6	6	6	5	5	5	5	5	5	4
Public Works	34	34	34	33	34	31	34	32	32	33
Welfare	1	1	1	1	1	1	1	1	1	1
Senior Citizens	3	3	3	3	3	3	2	2	2	2
Code Enforcement	3	3	3	3	3	3	3	3	3	3
Recreation	2	2	2	2	2	2	1	2	3	3
Library	12	12	12	12	11	12	12			
Fund/Golf Course/Allens Harbor	7	7	8	8	8	8	7	5	4	4
Water Fund	13	13	13	13	13	12	12	12	13	13
Total	235	235	243	245	247	245	236	225	226	224
Public Education:										
Teachers	371	380	384	371	367	363	351	340	352	
Pupil Support	236	246	255	228	224	221	214	211	214	
Executive and Administrative	34	34	37	34	34	31	30	31	30	

Source: Town of North Kingstown Municipal and School Personnel Departments

TOWN OF NORTH KINGSTOWN

**SCHEDULE 19
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS**

Function/Program	Fiscal Year						
	2006	2005	2004	2003	2002	2001	2000
Police							
Calls for Service	16,342	32,095	30,867	28,783	24,390	20,442	17,577
Arrests	579	1,182	1,229	1,306	1,177	1,055	1,145
Prosecutions	4,013	9,227	4,597	1,905	1,814	1,481	1,439
Fire							
Medical Calls/Rescue Runs	1,108	2,144	2,014	2,358	2,727	2,512	2,259
Residential Inspections	605	301	445	722	681	681	724
Public Works							
Miles Resurfaced	2.4	2.5	2.8	3.4	11	0	16
Plowed Miles	158.4	158.2	157.9	155.6	157	156	155
Refuse collection							
Refuse collected (tons/day, avg)	8,325.5	8,044.7	8,077.6	7,665.4	7,528.0	8,004.5	8,451.5
Recyclables collected (tons/day, avg)	3,651.5	3,670.6	3,594.2	3,475.1	3,353.7	3,344.1	3,285.1
Recreation							
Bussing ages 6-13	4,900	9,500	9,500	8,250	9,000	9,000	8,200
Summer Playground Part.	450	900	900	900	900	900	900
Human Services							
Meals on Wheels	5,206	10,927	11,596	8,587	10,408	11,269	10,433
# of Sr. Serv. Calls	3,404	7,314	9,178	10,644	9,735	11,568	12,508
# of Heat Cases	5	28	28	26	32	32	13
# of Electric Shutoffs	5	22	20	24	29	29	53
Library							
Person visits	88,002	180,481	192,959	186,090	190,729	175,600	183,694
# of users at IT workstations	10,363	19,283	18,918	17,817			
Public Service transactions	23,841	51,760	61,373	40,941	32,441	29,578	
Water Dept							
Metered services	9,197	9,157	9,068	9,047	9,014	8,860	8,843
Annual Production (million gallons)	1,224	1,287	1,272	1,266	1,328	1,018	1,092

Sources: various town departments

TOWN OF NORTH KINGSTOWN

**SCHEDULE 20
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS**

Function/Program	Fiscal Year						
	2006	2005	2004	2003	2002	2001	2000
Police							
Stations	1	1	1	1	1	1	1
Patrol Units	23	23	23	23	21	21	21
Fire Stations	3	3	3	3	3	3	3
Public Works							
Road Miles	156	156	155.7	153.4	155	154	153
Acres Maintained	479	479	479	479	469	469	469
Recreation							
Baseball/softball fields	16	16	16	16	16	16	16
Soccer fields	9	9	9	9	9	9	9
Multi use parks	4	4	4	4	4	4	4
Senior Center	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1
Water Dept							
Water mains (miles)	170	168	168	156	156	155	155
Water towers	5	5	5	5	5	5	5
Hydrants	995	994	994	980	980	980	950

Sources: various town departments

TOWN OF NORTH KINGSTOWN

SCHEDULE 21
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Davisville Elementary (1954)										
Square Feet	31,737	31,737	31,737	31,737	31,737	31,737	31,737	31,737	31,737	31,737
Capacity	284	284	284	284	284	284	284	284	284	284
Enrollment	227	214	244	245	267	268	211	179	143	164
Fishing Cove Elementary (1957)										
Square Feet	46,160	46,160	46,160	46,160	46,160	46,160	46,160	46,160	46,160	46,160
Capacity	335	335	335	335	335	335	335	335	335	335
Enrollment	206	207	196	175	184	166	15	280	264	307
Forest Park Elementary (1962)										
Square Feet	31,812	31,812	31,812	31,812	31,812	31,812	31,812	31,812	31,812	31,812
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	304	284	258	265	235	241	260	266	224	217
Hamilton Elementary (1962)										
Square Feet	49,274	49,274	49,274	49,274	49,274	49,274	49,274	49,274	49,274	49,274
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	425	432	425	448	402	372	426	433	414	410
Quidnessett Elementary (1971)										
Square Feet	34,000	34,000	34,000	34,000	34,000	43,544	43,544	43,544	43,544	43,544
Capacity	337	337	337	337	337	383	383	383	383	383
Enrollment	235	244	252	251	260	281	355	258	240	289
Stony Lane Elementary (1971)										
Square Feet	49,319	49,319	49,319	49,319	49,319	49,319	49,319	49,319	49,319	49,319
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	332	361	361	368	378	412	448	423	386	419
Wickford Elementary (1907)*										
Square Feet	32,952	32,952	32,952	32,952	32,952	32,952	32,952	32,952	32,952	32,952
Capacity	252	252	252	252	252	252	252	252	252	252
Enrollment	270	252	236	235	237	241	282	235	208	0
Davisville Middle (1967)										
Square Feet	96,748	96,748	96,748	96,748	96,748	96,748	96,748	96,748	96,748	96,748
Capacity	680	680	680	680	680	680	680	680	680	680
Enrollment	596	574	567	571	615	614	629	630	627	644
Wickford Middle (1932)										
Square Feet	63,129	63,129	63,129	63,129	63,129	63,129	63,129	63,129	63,129	63,129
Capacity	465	465	465	465	465	465	465	465	465	465
Enrollment	466	487	478	473	418	445	452	446	490	472
North Kingstown High (2001)										
Square Feet	197,553	197,553	197,553	197,553	253,600	253,600	253,600	253,600	253,600	253,600
Capacity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Enrollment	1,254	1,341	1,329	1,306	1,327	1,320	1,398	1,475	1,519	1,532
Administration (1968)										
Square Feet	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Data Center (1971)										
Square Feet	10,440	10,440	10,440	10,440	10,440	10,440	10,440	10,440	10,440	10,440
Maintenance (1978)										
Square Feet	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390

* Wickford Elementary School was closed in 2006.

Source: North Kingstown School Department Business Office

TOWN OF NORTH KINGSTOWN
SCHOOL DEPARTMENT

SCHEDULE 22
OPERATING STATISTICS
LAST TEN YEARS

Fiscal Year	Expenses	Enrollment	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
2006	51,572,384	4,607	11,992	8.27%	371.40	12.27	94.90%
2005	53,499,914	4,711	11,712	2.58%	381.20	11.98	93.98%
2004	53,785,834	4,729	11,493	3.19%	385.40	12.14	95.26%
2003	48,493,713	4,659	10,686	3.17%	370.70	12.24	95.21%
2002	45,743,829	4,599	10,408	10.15%	373.30	11.77	94.85%
2001	42,291,326	4,560	9,625	8.14%	365.65	12.02	94.64%
2000	38,377,459	4,560	8,738	2.67%	352.00	12.48	94.73%
1999	37,291,277	4,539	8,470	7.55%	340.30	12.94	94.69%
1998	35,950,826	4,533	8,208	1.91%	352.80	12.41	95.22%
1997	34,472,121	4,482	8,002	2.39%	336.50	12.80	94.45%

Source: North Kingstown School Department Business Office

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

SINGLE AUDIT SECTION

TOWN OF NORTH KINGSTOWN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<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	\$ 103,565
<i>Total Department of Housing and Urban and Development</i>		<u>103,565</u>
<i>U.S. Department of Justice:</i>		
Local Law Enforcement Block Grant	16.004	2,195
<i>Total U.S. Department of Justice</i>		<u>2,195</u>
<i>U.S. Department of Education:</i>		
Public Law 94-142*	84.027A	825,910
Title I	84.010A	496,907
Title II Technology	84.367A	206,147
Comprehensive School Reform Program	84.332A	131,546
Education of Homeless Children	84.196A	89,888
Even start family literacy	84.213C	84,600
Preschool services	84.173A	43,682
Drug-free schools	84.186A	31,497
Title III English Language Learners	84.365A	13,317
Title II Technology Education	84.164A	11,061
Title V	84.298A	8,406
Testing of Emergency Response Plans	84.938C	1,394
<i>Total U.S. Department of Education</i>		<u>1,944,355</u>
<i>U.S. Department of Homeland Security:</i>		
Homeland Security Domestic Preparedness*	97.004	457,695
<i>Total U.S. Department of Homeland Security</i>		<u>457,695</u>
National school lunch	10.555	234,247
National school milk	10.556	1,115
National school breakfast	10.557	37,346
Food commodities	10.550	56,181
<i>Total U.S. Department of Agriculture</i>		<u>328,889</u>
<i>Total Expenditures of Federal Awards</i>		<u>\$ 2,836,699</u>

*Denotes major program

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2006**

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, 2006, the Public Law 94-142 and Homeland Security Domestic Preparedness were the major programs of the Town of North Kingstown.



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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS REQUIRED BY 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, 2006, which collectively comprise The Town of North Kingstown's basic financial statements and have issued our report thereon dated December 8, 2006. 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 December 8, 2006.

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.

Prescott Chatterlain Fountain Wilkinson, LLP

December 8, 2006



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**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, 2006. 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, 2006.

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.

Prescott Chatterlin Fountain & Wilkinson LLP

December 8, 2006

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006**

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:

Public Law 94-142.....	84.027
Homeland Security Domestic Preparedness.....	97.004
8. The threshold for distinguishing Type A and B programs is described in note 3 to the Schedule of Expenditures of Federal Awards.
9. The Town of North Kingstown qualified as a low-risk auditee for the year ended June 30, 2006.

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

None.

C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

None.

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July 25, 2007

Town of North Kingstown
80 Boston Neck Road
North Kingstown, RI 02852

Re: Town of North Kingstown, Rhode Island \$4,000,000 General Obligation Bonds

We have examined a record of proceedings relating to the issue of \$4,000,000 General Obligation Bonds dated July 15, 2007 (the "Bonds") by the Town of North Kingstown, Rhode Island.

The Bonds are dated July 15, 2007. The Bonds mature on July 15 of the years and in the principal amounts, and bear interest at the respective rates, as follows:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
<u>July 15</u>	<u>Amount</u>	<u>Rate</u>	<u>July 15</u>	<u>Amount</u>	<u>Rate</u>
2008	\$125,000	6.500%	2018	\$195,000	4.125%
2009	130,000	6.500	2019	205,000	4.125
2010	135,000	6.000	2020	215,000	4.200
2011	140,000	6.000	2021	225,000	4.250
2012	150,000	4.500	2022	240,000	4.300
2013	155,000	4.200	2023	250,000	4.375
2014	165,000	4.200	2024	260,000	4.375
2015	170,000	4.250	2025	275,000	4.375
2016	180,000	4.250	2026	290,000	4.375
2017	190,000	5.000	2027	305,000	4.375

The Bonds maturing on or prior to July 15, 2017 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on or after July 15, 2018 are subject to redemption prior to their stated dates of maturity at the option of the Town, on or after July 15, 2017, either in whole 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 Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.



Authorized Officer of Insurance Trustee