

**THE TOWN OF  
CHARLESTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

Prepared by:

Zallee Rosso

Town Treasurer

TOWN OF CHARLESTOWN, RHODE ISLAND  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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# TOWN OF CHARLESTOWN

## INTRODUCTORY SECTION

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ZALLEE T. ROSSO  
Treasurer



4540 SO. COUNTY TRAIL  
CHARLESTOWN,  
RHODE ISLAND 02813

Tel (401) 364-1235  
Fax (401) 364-1238  
email: treasurer@charlestownri.org

**TOWN OF CHARLESTOWN**

*November 30, 2003*

***To the Honorable Town Council:***

*The Comprehensive Annual Financial Report of the Town of Charlestown is hereby submitted for the fiscal year ended June 30, 2003, in accordance with the Town Charter, Section C-72. Responsibility for the accuracy of data, and completeness of the presentation, including disclosures, rests with management. To the best of our knowledge the information contained herein is accurate and representative of the financial position of the Town of Charlestown. It clearly reflects the operation of the Town as measured by the financial activity of its various funds.*

*This document provides a summary of related costs for providing services to its citizenry, as well as changes in fund balance and financial resources for the year ended June 30, 2003. The Comprehensive Annual Financial Report is a joint effort between Town Management and our auditing firm, Cayer Caccia, LLP Certified Public Accountants.*

*The Comprehensive Annual Financial Report is presented in two sections. The introductory section is not audited and includes this letter of transmittal; an organizational chart and a listing of the Town of Charlestown's principal elected and appointed officials. The financial section includes the Government-wide Financial Statements, the Statement of Net Assets, Statement of Activities, Business Activities statements and all required supplemental information including the new Management Discussion and Analysis as required by Governmental Accounting Standards Board No. 34.*

*The single audit section relating to federal financial assistance is not required for the 2003 fiscal year. In 1996 the US Office of Management and Budget issued Circular A-133 rescinding Circular A-128 as it related to Audits of State and Local Governments. The Single Audit now applies only in years that the Town of Charlestown expends \$300,000 or more in federal funds.*

*Copies of this report are on file in the Town Clerk's Office and the Cross' Mills Public Library for public inspection. Individuals wishing to obtain a copy may do so by submitting a written request to the Treasurer's Office at 4540 South County Trail, Charlestown, Rhode Island 02813. This report is forwarded to the Rhode Island Auditor General's Office, as prescribed by State Law, and to State, Local, and other miscellaneous agencies such as the Towns' financial advisors.*

## MUNICIPAL OFFICERS

### *Town Council*

---

*Deborah A. Carney, President*  
*Christopher J. Sheehan, Vice President.*  
*Harriet A. Allen*  
*Richard Serra*  
*Katharine H. Waterman*

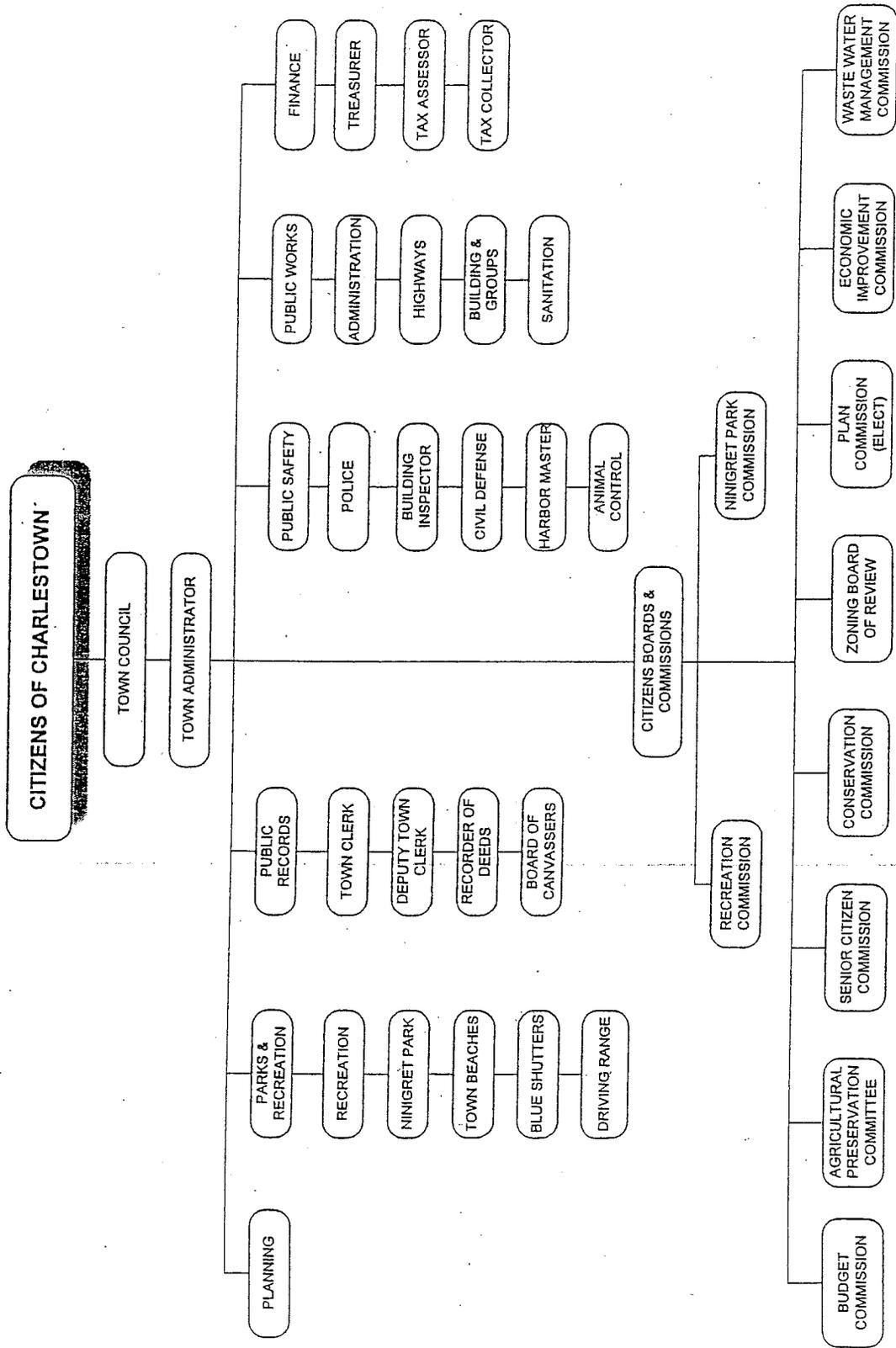
### *Town Officials*

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*Town Administrator*  
*Chief of Police*  
*Deputy Town Clerk*  
*Town Clerk*  
*Treasurer*  
*Tax Assessor*  
*Tax Collector*  
*Building & Zoning Official*  
*Public Works Director*  
*Parks & Recreation Director*  
*Town Planner*  
*Animal Control Officer*  
*Harbormaster*  
*Town Solicitor*  
*Assistant Town Solicitor*  
*Probate Solicitor*  
*Solicitor Indian Affairs*  
*Civil Defense Director*  
*Town Moderator*  
*Sealer of Weights & Measures*  
*Custodian of Cemeteries*

*Richard J. Sartor*  
*Thomas J. Sharkey*  
*Amy M. Rose*  
*Jodi LaCroix, CMC*  
*Zallee T. Rosso*  
*Kenneth J. Swain*  
*Jo-Anne Santos*  
*John J. Matuza*  
*Alan A. Arsenault*  
*Lisa A. DiBello*  
*James M. Lamphere*  
*Kathy M. McA'Nulty*  
*Leonard R. Wood*  
*Peter D. Ruggiero*  
*Christopher J. Zangari*  
*Jennifer Sternick*  
*Joseph Larissa*  
*John R. Rookwood*  
*Henry Walsh*  
*Bernard Augustine*  
*Francis Fenner*

# ORGANIZATIONAL CHART FOR THE TOWN OF CHARLESTOWN



## Community Description

*The Town of Charlestown, incorporated on August 22, 1738, is a seaside community located in the southwest portion of Rhode Island. It encompasses thirty-six square miles of land, six miles of inland water and approximately six miles of coastline along Block Island Sound. The Town is a physically diverse community with flourishing beach colonies, unique village centers, and large tracts of open space. The Town is a perennial vacation and tourist location offering exceptional swimming, camping and fishing opportunities. Consequently, between the months of May to September the Town's population swells to more than twenty thousand, including seasonal inhabitants.*

*Charlestown's year round population, according to the year 2000 census, has increased to 7,851 year round residents. In 1970 year round residents totaled 3,200, 1980 totaled 4,800 an increase over 1970 of 1600 residents. In 1990 the population of year round residents had again grown to 6,478, increasing another 1,678 or 35%. The 2000 census showed an increase of 21.2% to a total year round resident count of 7,851. Furthermore these new census figures indicate that of the 7,851 residents 2,066 are age fifty-five and older, accounting for 26% of total year round residents. The senior population increased 41% over 1990's count of 1,462. From this an assumption can be made that more people are retiring to Charlestown in their latter years rather than during their working lifetime.*

*The Town of Charlestown has operated under a Council-Administrator government since November of 1980. Pursuant to the Charter and subject only to the limitations imposed by the State Constitution, all powers of the Town, except those vested in the Financial Town Meeting, are vested in the Town Council, the governing body. The Town Council determines policies, enacts laws, and appoints the Town Administrator. The Town Administrator executes the law and controls the government under the authority of the Town Council. The Town Council consists of five members, elected at large, and they serve a term of two years and thereafter until their successors are elected and qualified.*

## Major Initiatives

*The government's staff and committees, following specific direction of the Governing Council and Administrator, were involved in a variety of projects throughout the year.*

*The Governing Council identifies needs to meet citizen's demands for services and to safeguard the environment with conformity to applicable local, state and federal law. Following is a list of undertakings initiated, or completed, during the 2002-2003 fiscal year:*

*Continued to re-index Lien and Attachment records from 1940 through 1990 in the Town Clerk's office. The preservation of old records is vital. New records are preserved as recorded.*

*Continued to manage all Town facilities' operations at the lowest possible cost to the taxpayers of Charlestown. Maintained sound capital investment in new equipment and improved Town facilities as allotted for within the 2003 budget.*

*Opened, July 1, 2000, and operated the newly constructed Residential Collection Center that replaced the Landfill Facility that was in place through June 30, 2000. Continued the capping and covering of the closed facility. In fiscal year 2001 \$435,000 was allocated for this closure from the General fund undesignated, unreserved fund in lieu of bonding the project. The closure bids received were far less than anticipated. At June 30, 2003 the capping was at a standstill due to a problem with the covering at the Landfill. The Town and DEM are working towards a mutual end with the contractor. Fuss and O'Neil remain the Town's Engineers on this project.*

*The Waste Water Management commission continued their quest, with the assistance of RIDEM, of public awareness and education about wastewater contamination and the need to upgrade failing septic systems. During 2003 the Well Water testing program continued in the Green Hill Pond area. All old ISDS records obtained by plat and lot number are now computerized. In addition the Town of Charlestown in conjunction with the University of Rhode Island, Town of South Kingstown and New Shoreham were recipients of an EPA grant to further enhance ground water protection goals. Five innovative septic systems were installed in the Greenhill Pond Area in 2003.*

*Continued to maintain an excellent working relationship with all units representing employees within the structure of government for the Town. New bargaining agreements were negotiated and went into effect July 1, 2002 with two of the Towns' unions and the CPMA management group. A new police contract was negotiated and put into effect July 1, 2003.*

*The Juvenile Officer and appointed volunteers of the Juvenile Hearing Board continue to have monthly meetings. This program has been well received in the community and affords the youth of our community an outlet to be assisted in time of trouble without being lost in the overburdened legal system.*

*Continued to operate a summer camp for teenagers under the direction of the Recreation department. This facility known as Xtreme Adventure Camp was a huge success. Children from the Chariho region were able to partake in activities specifically for their age group. No child was turned away for lack of funds. Scholarships, supported by a State grant assured participation. Preference was given to Charlestown residents.*

*Contracted with an architectural firm to begin construction of a new police facility that was approved by voters at the referendum held in June of 2003. A much needed enhancement for the operation of our Town Police.*

*Continued to secure properties in conjunction with the Nature conservancy to preserve open space property in the town of Charlestown.*

*Charlestown owes much of its identity to the unparalleled caliber of its recreational virtues. The Town boasts of a vast catalog of federal, state, local, and non-profit facilities intended to both preserve and provide public access to open space.*

*The Town owns and operates two public beaches; a coastal seven acre driving range; a one-hundred and seventy-two acre multi-faceted park complete with professional bicycle course, walking trails, basketball and tennis courts, fresh and salt water access, softball and soccer fields, a playground and festival area. The festival area accommodates seasonal family oriented activities. Other significant facilities include:*

- a. US Fish & Wildlife Refuge Area*
- b. Burlingame State Park*
- c. Ninigret Conservation Area*
- d. Quonochontaug Breachway*
- e. Kimball Wildlife Refuge*
- f. Indian Cedar Swamp Wilderness Park*
- g. Wicklund and Columbia Parks*
- h. Cross Mills Library*
- i. School House Pond*

### **Community Development**

*Charlestown is very mindful of its current physical and economic assets and recognizes that various outstanding needs must be met. Consequently, the Town attempts to address issues that it feels are vital to its future. The Town has a substantial investment in maintaining affordable housing in the community. Over the past few years Charlestown has been awarded more than \$1.04 million in housing rehabilitation grants to low and moderate-income families through the Community Development Block Grant Program, a federally funded program. Housing grants are distributed through The Community Development Consortium of East Greenwich. This Grant program also enhances resources to residents through other community projects such as the Women's Resource Center, Jonnycake Center, Health Center of South County, Waste Water Management, and various non-profit organizations enabled repairs to property in our community that otherwise would have been impossible due to income levels, and assists citizens with medical, dental and miscellaneous needs they could not afford without assistance. During fiscal year 2003 the Community Development Consortium, headed by Geoffrey Marchant handled the Town's rehabilitation program and now contracts with the Town to handle all aspects of the grant, except the writing thereof. The Shannock Village revitalization project continues between the Towns of Charlestown and Richmond.*

## Financial Management

*The Town's Management is responsible for maintaining and establishing internal controls designed to ensure that the government's assets are protected from loss or misuse and to provide financial accountability that conforms to accepted accounting principles. An internal control structure provides reasonable accountability for the everyday operation of the government and its various departments. Reasonable accountability recognizes that: (1) the cost of a control does not exceed the benefit; and (2) valuation of costs and benefits requires judgment on the part of management.*

*The Treasurer's Department manages all funds for the Town of Charlestown. The General Fund, primarily funded with tax dollars and miscellaneous departmental revenues, includes the operation of all departments within the Town except for the two enterprise funds that are self-funded through an established fee structure. Financial statements are issued monthly to the governing Council and Management and are on record in the Treasurer's office for public inspection. Cash and investments are monitored daily and reported monthly. The unreserved, undesignated fund balance, which the Town has maintained over several years, enables a smooth transition from one fiscal year to another, as cash flow is maintained at a level sufficient for governmental operation before tax collections. The Town has many Special Revenue funds in which revenue deposited is restricted for particular expenditures.*

*Management also maintains extensive budgetary controls to ensure that the monies allocated through tax dollars are expended in the manner for which they were intended.*

## Risk Management

*Through 2003 the Town experienced minimal losses on insurance claims and anticipates a similar situation in 2004. During fiscal year 2003 the Town increased its liability coverage to 3 million at a minimal cost. The Town has taken steps to maintain adequate and cost effective insurance coverage for all related municipal services and facilities. Our insurance carrier reviews all Town facilities each year so that we minimize exposure to any risk of liability. In addition, the Town is subject to an annual review by the Occupational Safety and Health Administration (OSHA) to detect any existing or potential hazards to municipal employees or citizens while on Town property.*

*In July of 1991 the Town entered into an insurance contract with Rhode Island Interlocal Risk Management Trust for all of its insurance needs. The Trust is a member owned and operated insurance alternative; it has 58 member municipalities, schools, and public agencies. The Town saves considerable dollars with this type of coverage. The Trust monitors and evaluates existing and developing risk exposures for all the municipalities it covers. Through the Trust, local governments jointly self-insure risks arising from worker's compensation and liability claims. The Town's member deductible per occurrence is \$2,500 except for Public Officials' Liability of \$5,000 per occurrence. Worker's compensation coverage has no deductible.*

### Independent Audit

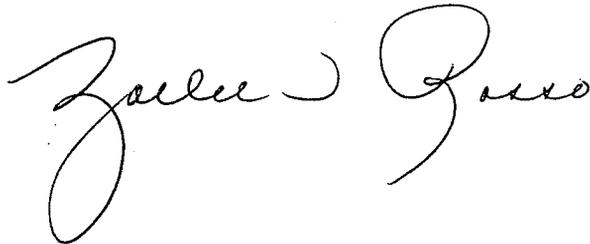
State law requires an annual audit of Town finances by an independent certified public accountant. The accounting firm of Cayer Caccia, LLP was awarded the bid to conduct the Town's audit for fiscal years ending June 30, 2000 through June 30, 2004 in response to the Town's RFP during calendar year 2000. Cayer Caccia, LLP is assisting with the implementation of the mandated GASB No.34.

### Acknowledgments

The preparation of this comprehensive annual financial report was made possible by the dedicated service of management and staff who continue to dedicate their efforts to frugal spending on behalf of the citizens of Charlestown.

In closing, without the leadership and support of the Charlestown Town Council, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in cursive script, reading "Zallee T. Rosso". The signature is written in black ink and is positioned above the printed name and title.

Zallee T. Rosso  
Town Treasurer

# TOWN OF CHARLESTOWN

## FINANCIAL SECTION

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# CAYER CACCIA LLP

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Certified Public Accountants and Business Consultants

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Town Council  
Charlestown, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of and for the year ended June 30, 2003, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town of Charlestown, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Town has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of June 30, 2003. The Town also adopted Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2003, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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405 Promenade Street, Providence, RI 02908 (401) 421-7700 FAX (401) 421-5252  
100 Plaza Center 68 Cumberland Street, Woonsocket, RI 02895 (401) 766-8100

The Management's Discussion and Analysis, historical pension information and budgetary comparison information on pages 3 through 13 and 43 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Charlestown, Rhode Island's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

November 24, 2003

*Cayer Caccia, LLP.*

**Town of Charlestown, Rhode Island**  
**Management's Discussion and Analysis**

*The Town of Charlestown's Management Discussion and Analysis is designed to assist the reader in focusing on significant issues. It provides an overview of the Town's financial activity and changes in financial position for the current year only. This is the first year that the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board (GASB) Statement Number 34. Because this new reporting model changes significantly not only the presentation of financial data but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. A comparative analysis will be provided in future years when prior year information is available. Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts it should be read in conjunction with the Transmittal Letter and the Financial Statements (beginning on page 14).*

**Highlights**

***Financial Highlights***

*The Town's net assets increased by \$1,424,312 (or 21.8%). Governmental net assets increased by \$1,462,038 (or 23.4%) while the business type activities net assets decreased by \$37,726 (or 12.5%). This is the first year that net assets are being shown in this way due in part to the implementation of the new GASB 34 rulings.*

*Governmental fund general revenues for the year ending June 30, 2003 totaled \$18,627,129 including charges for services at \$1,036,178, operating grants and contributions \$1,819,296, capital grants and contributions \$712,067, with the balance of revenue from property taxes, revenue sharing, investment interest and miscellaneous of \$15,313,051.*

*Business-type activities revenues for the year ending June 30, 2003 totaled \$161,471, including charges for services of \$142,515, operating grants and contributions of \$16,875 and investment income of \$2,081.*

*Governmental fund expenditures for the fiscal year totaled \$17,418,554. Business type activities for the fiscal year totaled \$199,197.*

*On the GAAP basis expenditures were \$17,650,089 for the general fund; business type funds \$199,197; and \$2,268,730 in the non-major governmental funds.*

**Town Highlights:**

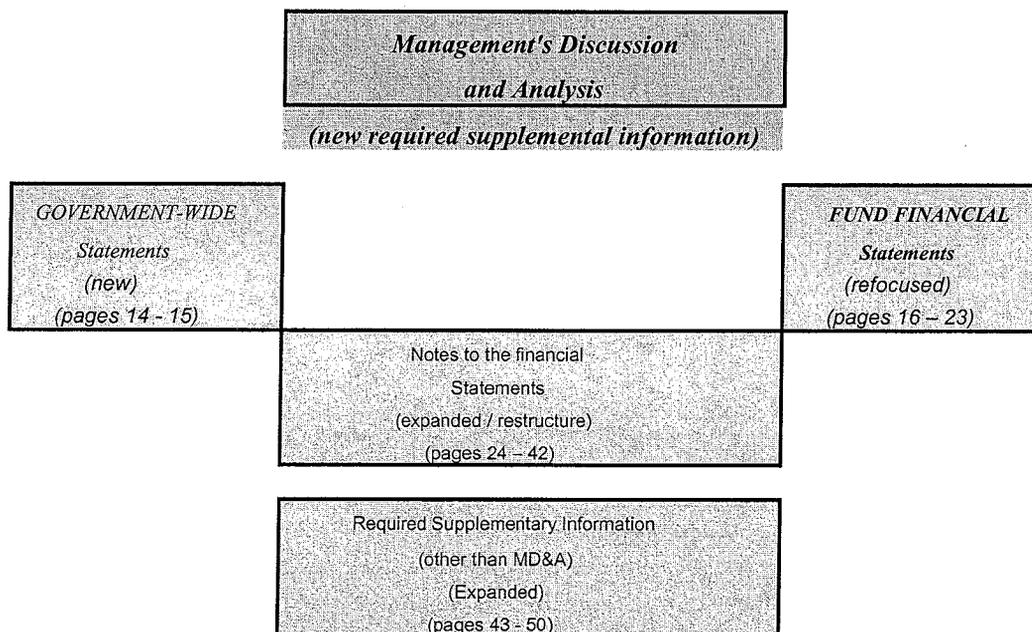
The Town continued its quest for a new police station that taxpayers approved at the financial referendum in June of 2003 that will be funded at 3.3 million dollars with three million being bonded by USDA over a forty-year term. Continued to work towards building a new municipal school system which at this time is still in the planning stages. The Town set aside \$150,000 for the purpose of Educational Planning, in the 2003 budget and the Town actually spent \$166,110 including a carry over to a special revenue fund of \$75,000. The Town is also looking into the possibility of a "Main Street USA" concept for an area on Route 1A near Crosses' Mills. It is also looking into a feasibility study on affordable housing for the Town with the aid of a Regional Planning Board and other in-house staff. Some of these projects will be in the planning stages for some time into the future. The Town Council has also initiated a Building Committee whose charge is to set forth a plan for future expansion as well as maintenance and repairs to its existing properties.

**Use of the Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

This year's financial statements and presentation from the pre-GASB Statement No. 34 model have many differences including the Town-wide Statement of Net Assets and Statement of Activities, as it is done in a completely different format than the previous year. The following graph is provided is for your review and assistance in understanding the changes.

**GRAPH 1**



## **Use of the Annual Report (Continued)**

*The new financial statement focus is on both the Town as a whole and its government-wide funds, as well as its business type activities. All these perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the accountability.*

### **Reporting the Town as a whole:**

*One of the most important questions asked about Town finances is “Is the Town as a whole better or worse financially as a result of this year’s activities”? The Statement of Net Assets and Statement of Activities reports information in a way that gives the reader the answer to the above question. Statements include all assets and liabilities using the accrual method of accounting, similar to that of private business. All current revenues and expenses are taken into account regardless of when cash is received or paid.*

*These two statements report the Town’s net assets and changes therein. The Town’s net assets are the difference between actual assets and liabilities against said assets. This measures the Town’s financial health or financial position. Over time, increases or decrease in net assets is an indicator of whether the financial health of the Town is improving or declining. Other non-financial factors to consider are changes in the Town’s property tax base and the condition of town roads and buildings when assessing the overall financial picture. In the Statement of Net Assets and Statement of Activities the Town is divided into two sections: Governmental and Business-type (Enterprise) activities.*

### **Significant Funds**

*The analysis of the Town’s most significant fund begins on page 16. The Fund Financial Statements provide detailed information on the general fund, not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council mainly through the Financial Town Referendum establishes other funds to help control and manage money for a particular purpose or project. Individual funds track costs more closely than in the general everyday use of funds ( i.e. road paving, engineering) or to show that all legal responsibilities for using certain grants, and other miscellaneous funds donated or sent to the Town through other sources than property taxes.*

*Proprietary funds are those that the Town charges its customers for a service it provides – such as the Collection Center where taxpayers deliver their rubbish and recyclables or Coastal Ponds for the registration and use of pond moorings for ocean front property owners. Proprietary funds are like little businesses and are accounted for individually in order to know whether the funding for the service is adequate for the service provided.*

*The Town may be a trustee for certain types of funds or a fiduciary for certain activities. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. At the present time the Town has only one fiduciary fund for unclaimed estates.*

**Town as a Whole**

**Analysis as a Whole**

In accordance with GASB Statement No. 34, the Town is not required to restate prior periods for the purpose of providing comparative information. However, in future years, when prior year information is available, a comprehensive analysis of government wide information will be presented.

**Governments Wide Statements**

**Statement of Net Assets  
As of June 30, 2003**

	<i>Governmental Activities</i>	<i>Business Type Activities</i>	<i>Total Primary Government</i>
<i>Current and Other assets</i>	6,346,028	236,494	6,582,522
<i>Capital Assets</i>	8,062,042	248,101	8,310,143
<b><i>Total Assets</i></b>	<b>14,408,070</b>	<b>484,595</b>	<b>14,892,665</b>
<i>Current Liabilities</i>	3,319,623	218,044	3,537,667
<i>Long Term Liabilities</i>	3,391,580	4,057	3,395,637
<b><i>Total Liabilities</i></b>	<b>6,711,203</b>	<b>222,101</b>	<b>6,933,304</b>
<i>Invested in Capital Assets</i>			
<i>Net of related Debt</i>	6,431,157	248,101	6,679,258
<i>Restricted for other purpose</i>	185,730	10,000	195,730
<i>Unrestricted</i>	1,079,980	4,393	1,084,373
<b><i>Total Net Assets</i></b>	<b>7,696,867</b>	<b>262,494</b>	<b>7,959,361</b>

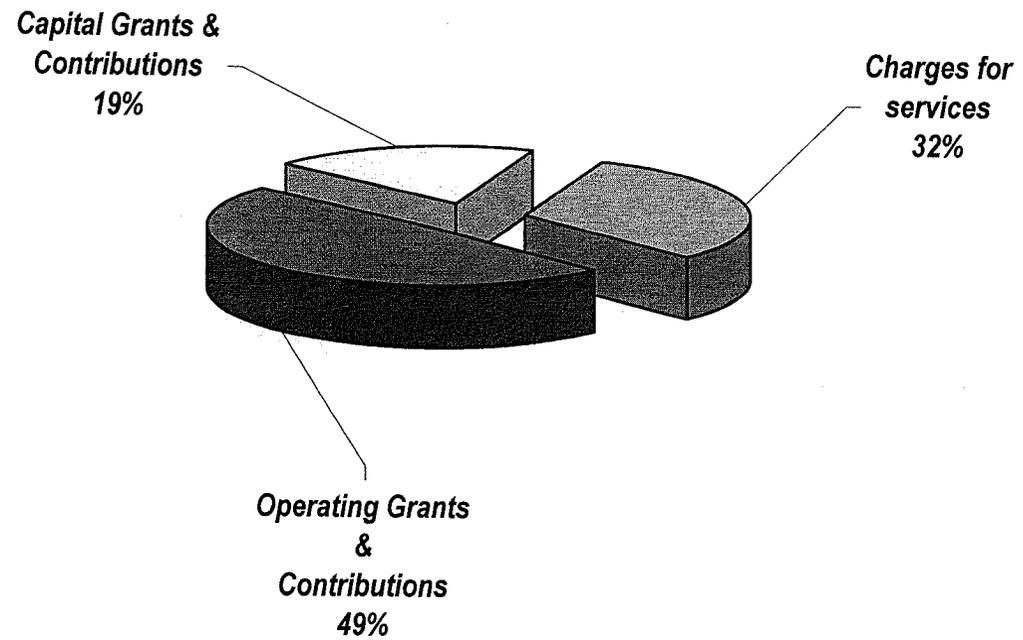
*Net Assets equals Total Assets less Liabilities*

**Changes in Net Assets  
For fiscal Year Ended  
June 30, 2003**

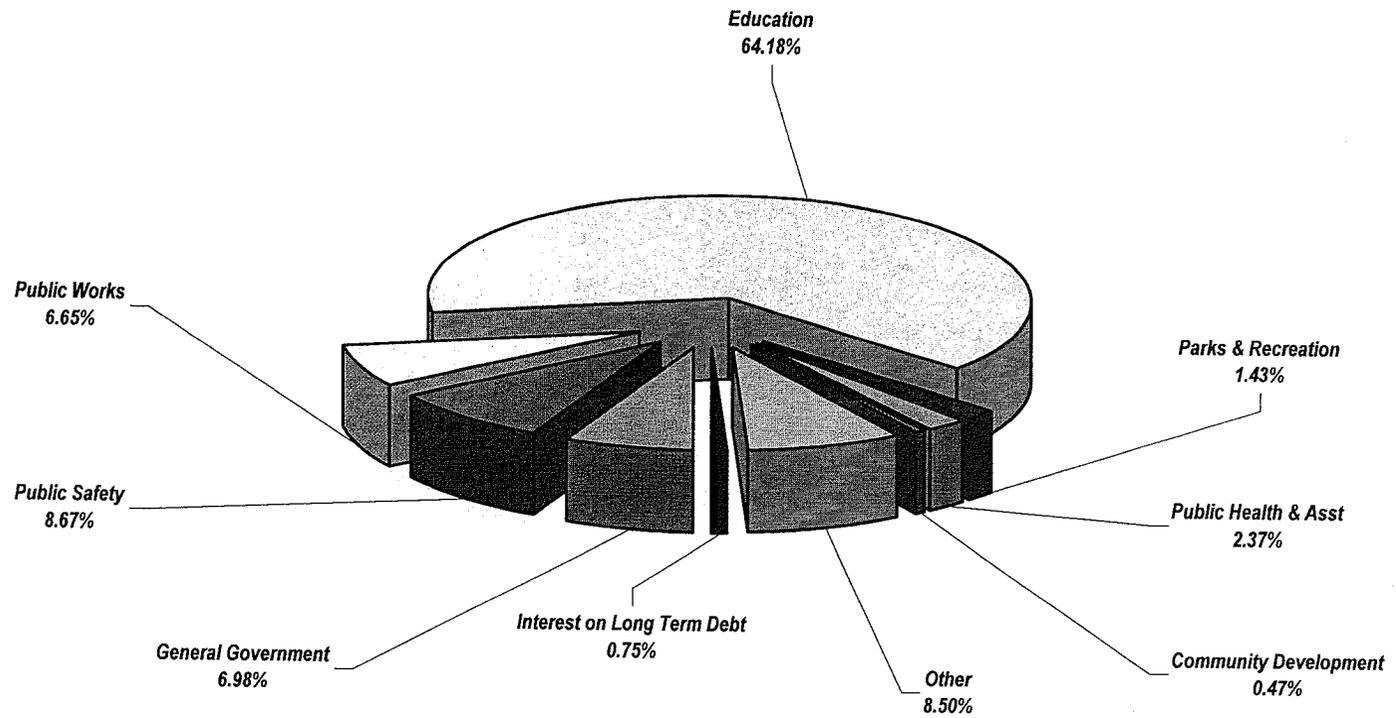
	<b>Governmental Activities 2003</b>	<b>Business-type Activities 2003</b>	<b>Total Primary Government 2003</b>
<b>Revenue:</b>			
<b>Program Revenue:</b>			
Charges for services	\$1,036,178	\$142,515	\$1,178,693
Operating Grants & Contributions	1,819,296	16,875	1,836,171
Capital Grants & contributions	712,067	0	712,067
<b>Total Revenue</b>	<u>3,567,541</u>	<u>159,390</u>	<u>3,726,931</u>
<b>General Revenues:</b>			
Property Taxes	14,782,095		14,782,095
State Revenue Sharing	313,286		313,286
Unrestricted Investment Earnings	52,070	2,081	54,151
Miscellaneous	165,600		165,600
<b>Total General Revenues</b>	<u>15,313,051</u>	<u>2,081</u>	<u>15,315,132</u>
<b>Total Revenues</b>	<u>18,880,592</u>	<u>161,471</u>	<u>19,042,063</u>
<b>Expenses:</b>			
General Government	1,230,126		1,230,126
Public Safety	1,527,333		1,527,333
Public Works	1,171,528		1,171,528
Education	11,307,643		11,307,643
Parks & Recreation	252,360		252,360
Public Health & Asst	417,546		417,546
Community Development	82,025		82,025
Other	1,297,611	199,197	1,496,808
Interest on Long Term Debt	132,382		132,382
<b>Total Expenses</b>	<u>17,418,554</u>	<u>199,197</u>	<u>17,617,751</u>
<b>Change in Net Assets</b>	1,462,038	(37,726)	1,424,312
<b>Net Assets Beginning (Est.)</b>	<u>6,234,829</u>	<u>300,220</u>	<u>6,535,049</u>
<b>Ending Net Assets</b>	<u>\$7,696,867</u>	<u>\$262,494</u>	<u>\$7,959,361</u>

*This is the first year Charlestown is reporting any fixed assets in its financials and only infrastructure additions for the current year are included. The remaining infrastructure, roads, culverts, bridges, etc. will be done at a future time. It is required by fiscal year 2006. The following pie charts delineate the preceding chart by percentages. Sometimes it is easier to envision the totals when looking at it as pie slices.*

## 2003 Program Revenues



**2003 Expenses**



**Normal Impacts:**

*There are six basic transactions that affect comparability of Net Assets.*

1. Net results of activities – will increase or decrease current and unrestricted
2. Borrowing of Capital – increases current assets and long term debt
3. Spending Borrowed Proceeds on New Capital – reduces current assets and increases capital. Also, a second impact occurs – increase in invested capital assets and an increase in related net debt – note the investment in capital assets will not change the capital asset net of debt.
4. Spending of non-borrowed Current Assets on New Capital – will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
5. Principal Payment on Debt – a) reduce current assets and long term debt and (b) reduce unrestricted assets and increase invested capital assets, net of debt.
6. Reduction of Assets through Depreciation – reduces capital assets and invested in capital assets, net of debt.

*Changes in net assets of governmental activities as a whole (includes business activities) is \$1,424,312 resulting from the difference between expenses and revenues during fiscal year 2003. Expenses net of their pertinent revenues were \$13,890,820, while revenue not attributed to any activity in the government was \$15,315,132, therefore netting an increase of \$1,424,312 in net assets.*

**Business type Activities:**

*The change in net assets for the business type activities for fiscal year 2003 was a negative \$37,726 due to the Collection Center revenues not offsetting all of its expenditures.*

**Town's Funds:**

**General Fund & Other Governmental funds:**

*At the end of June 2003 the general fund balance sheet showed a fund balance of \$4,326,561. This figure results from all assets allocated to this fund less its liabilities, as presented on page 61. Of this total \$185,730 is reserved for encumbrances, prepaids, and other. Other governmental funds had a fund deficit of \$779,924. The total fund balance for the aforementioned funds is \$3,546,637. See schedule B-1.*

**Business type Activity:**

*The business type activities for the Town are the Collection Center and the Coastal Pond Management. These two entities combined had total net assets of \$262,494 of which \$248,101 is invested in capital assets, net of related debt, \$10,000 is restricted and \$4,393 unrestricted.*

### **Required Supplemental Information**

*In addition to this MD& A and the basic financial statements, this report also presents certain Required Supplemental Information. For the Town of Charlestown, this Required Supplemental Information includes the Budgetary Comparison Schedule for the General Fund that can be found on "Schedule E-2" on page 45. The presentation under GASB 34 requires disclosure of both the original and final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes applicable to the fiscal year.*

### **Analysis of Significant Budget Variations in the General Fund**

*For the year ended June 30, 2003, the General Fund Revenues exceeded budget projections by \$0.5 million or 3.1%. General Fund Expenditures were less than the budget by \$0.1 million or 0.4%. This resulted in a \$0.6 million budgetary surplus in the General Fund for the year ending June 30, 2003.*

*There were no significant revenue or expenditure variances.*

### **Capital Assets and Long-Term Debt**

#### **Capital Assets**

*The Town of Charlestown's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$8.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, motor vehicles, equipment and infrastructure.*

*The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities and business-type activities. Infrastructure assets, assets that are long-lived and can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature such as streets, sidewalks and curbing are subject to different rules under the standards established by GASB 34. For the fiscal year ended June 30, 2003, the Town is required to report all activity relating to infrastructure assets that occurred in that fiscal year. Retroactive reporting of all other infrastructure assets is not required until four years after the effective date of the basic provision.*

Capital Assets and Long-Term Debt (Continued)

Capital Assets at Year-End  
(In Millions)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>
<i>Motor Vehicles</i>	\$ 1.3			\$	1.3
<i>Equipment</i>	0.2	\$	0.2		0.4
<i>Infrastructure</i>	0.2				0.2
<i>Buildings and Improvements</i>	2.6				2.6
<i>Land and Land Improvements</i>	5.2		0.2		5.4
<i>Total Assets</i>	<u>9.5</u>		<u>0.4</u>		<u>9.9</u>
<i>Less: Accumulated Depreciation</i>	<u>(1.5)</u>		<u>(0.1)</u>		<u>(1.6)</u>
<i>Net Capital Assets</i>	\$ <u>8.0</u>	\$	<u>0.3</u>	\$	<u>8.3</u>

*The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2003 was \$10.0 million less accumulated depreciation of \$1.7 million for a net investment in capital assets of \$8.3 million.*

*Major capital asset additions during the current fiscal year included the following:*

- *1.0 million of vacant land on South County Trail*
- *0.3 million of Public Safety vehicles*
- *0.1 million of Public Works vehicles*
- *0.8 million of open space land on Old Coach Road*

*Additional information on the Town's capital assets can be found on Note 13 on page 40 of this report.*

### Long Term Debt

*As of June 30, 2003, the Town had total long-term liabilities of \$3.8 million. Of that, \$1.3 million related to bonded debt guaranteed by the Town's assets, \$1.6 million related to landfill monitoring costs; \$0.6 million related to compensated absences; and \$0.3 million related to leases payable. See Note 8 for further explanation of the Town's long-term liabilities.*

*The business-type activities had long-term liabilities of \$4,000.*

*The Town's bond ratings are as follows:*

- *Moody's : AAA*

TOWN OF CHARLESTOWN

BASIC  
FINANCIAL STATEMENTS

---

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET ASSETS  
JUNE 30, 2003

	Governmental Activities	Business-type Activities	Eliminations	Total
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 4,943,840	\$ 186,455		\$ 5,130,295
Restricted cash and cash equivalents		44,039		44,039
Investments	1,479			1,479
Receivables:				
Taxes, net	661,874			661,874
Other receivables	5,128	3,000		8,128
Due from other funds	536,843		\$ (536,843)	
Due from other governments	661,592			661,592
Other assets	23,636	3,000		26,636
Tax sale property	48,479			48,479
<b>Total Current Assets</b>	<b>6,882,871</b>	<b>236,494</b>	<b>(536,843)</b>	<b>6,582,522</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Non-depreciable	5,221,892	99,500		5,321,392
Depreciable, net	2,840,150	148,601		2,988,751
<b>Total Noncurrent Assets</b>	<b>8,062,042</b>	<b>248,101</b>	<b>0</b>	<b>8,310,143</b>
<b>TOTAL ASSETS</b>	<b>14,944,913</b>	<b>484,595</b>	<b>(536,843)</b>	<b>14,892,665</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	111,736	9,687		121,423
Accrued interest	23,807			23,807
Retainage payable	35,564			35,564
Due to other funds	328,486	208,357	(536,843)	
Current portion of long term debt	415,000			415,000
Bond anticipation notes payable	1,435,000			1,435,000
Deferred revenue	1,162,833			1,162,833
Other liabilities	344,040			344,040
<b>Total Current Liabilities</b>	<b>3,856,466</b>	<b>218,044</b>	<b>(536,843)</b>	<b>3,537,667</b>
<b>Noncurrent Liabilities:</b>				
Long term debt, net	3,391,580	4,057		3,395,637
<b>Total Noncurrent Liabilities</b>	<b>3,391,580</b>	<b>4,057</b>	<b>0</b>	<b>3,395,637</b>
<b>TOTAL LIABILITIES</b>	<b>7,248,046</b>	<b>222,101</b>	<b>(536,843)</b>	<b>6,933,304</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	6,431,157	248,101		6,679,258
Restricted for other purposes	835,730	10,000		845,730
Unrestricted	429,980	4,393		434,373
<b>TOTAL NET ASSETS</b>	<b>\$ 7,696,867</b>	<b>\$ 262,494</b>	<b>\$ 0</b>	<b>\$ 7,959,361</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003**

<i>Functions/Programs:</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,230,126	\$ 618,190	\$ 157,420	\$ 700,000	\$ 245,484		\$ 245,484
Public safety	1,527,333	55,449	20,739	12,067	(1,439,078)		(1,439,078)
Public works	1,171,528	145	66,142		(1,105,241)		(1,105,241)
Education	11,307,643		1,491,870		(9,815,773)		(9,815,773)
Parks and recreation	252,360	362,394	1,100		111,134		111,134
Public health and assistance	417,546				(417,546)		(417,546)
Community development	82,025		82,025				
Other	1,297,611				(1,297,611)		(1,297,611)
Interest on long-term debt	132,382				(132,382)		(132,382)
<b>Total governmental activities</b>	<b>17,418,554</b>	<b>1,036,178</b>	<b>1,819,296</b>	<b>712,067</b>	<b>(13,851,013)</b>		<b>(13,851,013)</b>
<b>Business-type activities:</b>							
Residential Collection Center	165,275	103,930	12,375			\$ (48,970)	(48,970)
Coastal Pond Management	33,922	38,585	4,500			9,163	9,163
<b>Total business-type activities</b>	<b>199,197</b>	<b>142,515</b>	<b>16,875</b>	<b>0</b>	<b>0</b>	<b>(39,807)</b>	<b>(39,807)</b>
<b>Total</b>	<b>\$ 17,617,751</b>	<b>\$ 1,178,693</b>	<b>\$ 1,836,171</b>	<b>\$ 712,067</b>	<b>(13,851,013)</b>	<b>(39,807)</b>	<b>(13,890,820)</b>
<b>General revenues:</b>							
Property taxes					14,782,095		14,782,095
State revenue sharing					313,286		313,286
Unrestricted investment earnings					52,070	2,081	54,151
Miscellaneous					165,600		165,600
<b>Total general revenues</b>					<b>15,313,051</b>	<b>2,081</b>	<b>15,315,132</b>
<b>Change in Net Assets</b>					<b>1,462,038</b>	<b>(37,726)</b>	<b>1,424,312</b>
<b>Net Assets - beginning</b>					<b>6,234,829</b>	<b>300,220</b>	<b>6,535,049</b>
<b>Net Assets - ending</b>					<b>\$ 7,696,867</b>	<b>\$ 262,494</b>	<b>\$ 7,959,361</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,371,835	\$ 572,005	\$ 4,943,840
Investments		1,479	1,479
Receivables:			
Taxes, net	661,874		661,874
Other	2,503	2,625	5,128
Due from:			
Other funds	149,688	387,155	536,843
Other governments	165,969	495,623	661,592
Prepaid expenditures	23,636		23,636
Tax sale property	48,479		48,479
<b>TOTAL ASSETS</b>	<b>\$ 5,423,984</b>	<b>\$ 1,458,887</b>	<b>\$ 6,882,871</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 108,598	\$ 3,138	\$ 111,736
Retainage payable		35,564	35,564
Due to other funds	284,904	43,582	328,486
Deferred revenues	580,450	500,958	1,081,408
Bond anticipation notes payable		1,435,000	1,435,000
Other liabilities	123,471	220,569	344,040
<b>TOTAL LIABILITIES</b>	<b>1,097,423</b>	<b>2,238,811</b>	<b>3,336,234</b>
<b>FUND BALANCES:</b>			
Reserved for prepaid expenditures	23,636		23,636
Reserved for tax sale property	48,479		48,479
Reserved for perpetual care		1,470	1,470
Reserved for encumbrances	51,780	25,000	76,780
Reserved for unexpended school aid	35,365		35,365
Unreserved: designated for subsequent years	650,000		650,000
Unreserved, reported in:			
General fund	3,517,301		3,517,301
Special revenue funds		605,544	605,544
Capital project funds		(1,422,685)	(1,422,685)
Debt service funds		10,747	10,747
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>4,326,561</b>	<b>(779,924)</b>	<b>3,546,637</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,423,984</b>	<b>\$ 1,458,887</b>	<b>\$ 6,882,871</b>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2003**

*Amounts reported for governmental activities in the Statement of Net Assets differ because:*

<b>Total Fund Balances (B-1)</b>	\$ 3,546,637
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,062,042
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,806,580)
Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	(81,425)
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.	<u>(23,807)</u>
<b>Total Net Assets (A-1)</b>	<u><u>\$ 7,696,867</u></u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
General property taxes	\$ 14,386,868		\$ 14,386,868
Intergovernmental	2,327,311	\$ 495,118	2,822,429
Departmental	902,091		902,091
Investment income	48,301	3,769	52,070
Other		513,803	513,803
<b>TOTAL REVENUES</b>	<b>17,664,571</b>	<b>1,012,690</b>	<b>18,677,261</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	951,733	228,571	1,180,304
Public safety	1,499,543	49,036	1,548,579
Public works	709,547	62,096	771,643
Education	11,216,533	91,110	11,307,643
Parks and recreation	236,429	2,628	239,057
Public health and assistance	441,251		441,251
Community development		82,025	82,025
Other	1,297,611		1,297,611
<b>Debt Service:</b>			
Principal	170,000		170,000
Interest and other costs	210,958		210,958
<b>Capital:</b>			
Capital expenditures	412,565	1,753,264	2,165,829
<b>TOTAL EXPENDITURES</b>	<b>17,146,170</b>	<b>2,268,730</b>	<b>19,414,900</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>518,401</b>	<b>(1,256,040)</b>	<b>(737,639)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in		433,416	433,416
Transfers out	(450,291)		(450,291)
Proceeds from capital leases	279,332		279,332
Landfill monitoring	(53,628)		(53,628)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(224,587)</b>	<b>433,416</b>	<b>208,829</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>293,814</b>	<b>(822,624)</b>	<b>(528,810)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>4,032,747</b>	<b>42,700</b>	<b>4,075,447</b>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<b>\$ 4,326,561</b>	<b>\$ (779,924)</b>	<b>\$ 3,546,637</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS (B-2) TO THE STATEMENT OF ACTIVITIES (A-2)  
YEAR ENDED JUNE 30, 2003**

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<b>Net Change in Fund Balances - Total Governmental Funds (B-2):</b>	\$ (528,810)
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.	2,187,545
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	(232,698)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds. This amount is shown net of the allowance for uncollectible motor vehicle and tangible taxes.	37,731
Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation.	<u>(1,730)</u>
<b>Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)</b>	<b><u><u>\$ 1,462,038</u></u></b>

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SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2003**

	Residential Collection Center	Coastal Pond Management	Totals
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 128,420	\$ 58,035	\$ 186,455
Restricted cash and cash equivalents	30,521	13,518	44,039
Receivables, net	3,000		3,000
Prepaid expenses	3,000		3,000
<b>Total Current Assets</b>	<u>164,941</u>	<u>71,553</u>	<u>236,494</u>
<b>Noncurrent Assets:</b>			
Net capital assets	248,101		248,101
<b>Total Noncurrent Assets</b>	<u>248,101</u>	<u>0</u>	<u>248,101</u>
<b>TOTAL ASSETS</b>	<u>413,042</u>	<u>71,553</u>	<u>484,595</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable	8,517	1,170	9,687
Due to other funds	186,863	21,494	208,357
<b>Total Current Liabilities</b>	<u>195,380</u>	<u>22,664</u>	<u>218,044</u>
<b>Noncurrent Liabilities:</b>			
Accrued compensated absences	4,057		4,057
<b>Total Noncurrent Liabilities</b>	<u>4,057</u>	<u>0</u>	<u>4,057</u>
<b>TOTAL LIABILITIES</b>	<u>199,437</u>	<u>22,664</u>	<u>222,101</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	248,101		248,101
Restricted for endowment		10,000	10,000
Unrestricted	(34,496)	38,889	4,393
<b>TOTAL NET ASSETS</b>	<u>\$ 213,605</u>	<u>\$ 48,889</u>	<u>\$ 262,494</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

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

	Residential Collection Center	Coastal Pond Management	Totals
<b>OPERATING REVENUES:</b>			
Charges for usage and service	\$ 103,930	\$ 38,585	\$ 142,515
<b>Total Operating Revenues</b>	<u>103,930</u>	<u>38,585</u>	<u>142,515</u>
<b>OPERATING EXPENSES:</b>			
Operations	69,548	8,430	77,978
Personnel	72,655	25,492	98,147
Depreciation	23,072		23,072
<b>Total Operating Expenses</b>	<u>165,275</u>	<u>33,922</u>	<u>199,197</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(61,345)</u>	4,663	<u>(56,682)</u>
<b>NONOPERATING REVENUES:</b>			
Investment income	1,452	629	2,081
<b>Total Nonoperating Revenues</b>	<u>1,452</u>	<u>629</u>	<u>2,081</u>
<b>INCOME BEFORE TRANSFERS</b>	(59,893)	5,292	(54,601)
<b>TRANSFERS IN</b>	<u>12,375</u>	4,500	<u>16,875</u>
<b>CHANGE IN NET ASSETS</b>	(47,518)	9,792	(37,726)
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>261,123</u>	<u>39,097</u>	<u>300,220</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 213,605</u>	<u>\$ 48,889</u>	<u>\$ 262,494</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2003**

	Residential Collection Center	Coastal Pond Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 103,930	\$ 38,585	\$ 142,515
Cash paid to suppliers	(68,044)	(8,972)	(77,016)
Cash paid to employees	(73,290)	(25,492)	(98,782)
<b>Net cash provided by (used for) operating activities</b>	<b>(37,404)</b>	<b>4,121</b>	<b>(33,283)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from General Fund	12,375	4,500	16,875
Increase in due to other funds	56,374	8,265	64,639
<b>Net cash provided by noncapital financing activities</b>	<b>68,749</b>	<b>12,765</b>	<b>81,514</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	1,452	629	2,081
<b>Net cash provided by investing activities</b>	<b>1,452</b>	<b>629</b>	<b>2,081</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>32,797</b>	<b>17,515</b>	<b>50,312</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>126,144</b>	<b>54,038</b>	<b>180,182</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 158,941</b>	<b>\$ 71,553</b>	<b>\$ 230,494</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (61,345)	\$ 4,663	\$ (56,682)
Adjustments to reconcile:			
Depreciation	23,072		23,072
Decrease in prepaid expenses	(2,375)		(2,375)
Increase (decrease) in accounts payable	3,879	(542)	3,337
Decrease in compensated absences	(635)		(635)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (37,404)</b>	<b>\$ 4,121</b>	<b>\$ (33,283)</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003**

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	<u>Agency Funds</u>	<u>Unclaimed Estates</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 9	
<b>TOTAL ASSETS</b>	<u>\$ 9</u>	
<b>LIABILITIES:</b>		
Deposits held in custody for others		9
<b>TOTAL LIABILITIES</b>		<u>\$ 9</u>

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SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

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**1. REPORTING ENTITY**

In accordance with the requirements of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying basic financial statements present the Town of Charlestown (the primary government).

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2003, the Town implemented the new financial reporting requirements of GASB Statements No. 33, 34 and 37. As a result, an entirely new financial presentation format has been implemented. The adoption of the new standards in 2003 did not have a significant impact on the Town's financial position or results of operations.

***Primary Government***

The Town is a municipal corporation governed by a Council/Town Administrator form of government with a five-member Town Council headed by a Council President. The Town provides the following services as authorized by its charter: public safety, highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning, zoning and inspection, and general administrative services.

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. GASB Statement No. 14 defines component units as 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.

Potential component unit:

- \* **Chariho Regional School District.** Education services are provided to the Town by the Chariho School District. The District serves the Towns of Charlestown, Richmond and Hopkinton, and is a separate legal entity from its member Towns with no financial interdependency. The District has a separately elected governing authority, and a separate designation of management. In addition, the Town has no ability to significantly influence operations and no accountability over fiscal matters of the School District. As a result, the Town has no oversight responsibilities and the School District's separate financial statements are not included herein.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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**1. REPORTING ENTITY (Continued)**

For the purpose of these financial statements, the financial reporting entity includes only the Town of Charlestown, Rhode Island. No other organizations satisfy the criteria necessary to be categorized as component units under the requirements of GASB Statement No. 14. The potential component unit discussed above has not been included within the Town's reporting entity due to the Town's lack of financial accountability and ability to significantly influence the operations of the Chariho Regional School District.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

*Government-Wide Financial Statements*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. 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. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. 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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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

***Governmental Funds (Continued)***

**Capital Project Funds**

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

**Debt Service Funds**

Accounts for servicing of general long-term debt not being financed by proprietary funds.

**Permanent Funds**

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the earnings may be used to achieve the objectives of the fund.

***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.

***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 one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is as follows:

- Unclaimed Estates

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

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

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General:	See above for description
Proprietary:	Residential Collection Center Coastal Pond Management

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003

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

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

**Non-Major:**

Special Revenue:	Police Grants – LLEBG Grant 2002, Police Grants – Byrne, Seat Belt Grant, Farm Viability Grant, School Impact Fees, Educational Planning, Historical and Vital Records, Municipal Planning, Revaluation Fund, Reserve for Vacation and Sick Leave, Comprehensive Planning Grant, Wellhead Protection, Schoolhouse Pond/Trails Grant, Ninigret Arts and Entertainment, Ninigret Park Fund, Bicentennial Fund, RI Emergency Management Grant, Teen Camp Special Fund, Developer Bond Deposits, Open Space Fees, DARE Program, Naval Airfield Memorial, Police Forfeiture, Employee Vending, Police Bike Unit Training, Birthday Committee, Recreation Department Donations, Tobacco Grant, Juvenile Justice Grant, COPS Hiring Grant, Champlin, FEMA Hazard Mitigation, EPA Grant, Wastewater Management, and Community Development Block Grant.
Capital Projects:	Open Space Acquisitions, Landfill Closure, Capital Acquisitions, DPW Road Engineering
Debt Service:	Ocean Ridge Road
Permanent:	Zennis Ellis Trust, Cemetery Fund

**Measurement Focus**

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

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

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

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough 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 utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

***Cash Equivalents***

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

***Accounts Receivable***

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

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Open encumbrances are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles.

***Investments***

Investments are stated at fair value. For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

(CONTINUED)

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**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

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

***Short-term Interfund Receivables/Payables***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

***Advances to Other Funds***

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

***Materials and Supplies***

The costs of governmental fund-type inventories are recorded as expenditures when purchased.

***Prepaid Items***

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

***Property, Plant and Equipment***

The accounting treatment for 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 Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Infrastructure, such as streets and drainage systems, are capitalized. The capitalization threshold is any individual item with a total cost equal to or greater than \$5,000.

As of June 30, 2003, the Town's infrastructure assets placed in service prior to July 1, 2002 have not been capitalized and reported within the financial statements. The Town is in the process of developing the information necessary to report all pre-existing infrastructure assets (including roads) within its future financial statements.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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

**Government-Wide Statements (Continued)**

Depreciation of all exhaustible fixed 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:

<u>Classes</u>	<u>Useful Life</u>
Buildings .....	50 years
Machinery and equipment.....	5 - 10 years
Land Improvements .....	15 years

**Fund Financial Statements**

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

***Compensated Absences***

The Town's policy is to recognize the cost of sick leave and vacation pay in governmental funds at the time payments are made. Vested sick leave and accumulated vacation pay for governmental fund employees at June 30, 2003 amounted to \$555,695. 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.

***Budgets***

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of the budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - General Fund has been adjusted to a basis consistent with the Town's budget. Transfers of appropriations between departments require the approval of the Town Council. All annual budget appropriations lapse at fiscal year end.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

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

***Budgets (Continued)***

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-2)	\$18,316,179	\$17,701,869
Reappropriated fund balance.....	(372,276)	
Current year encumbrances.....		<u>(51,780)</u>
Statement of Revenues, Expenditures and Changes in Fund Balance (B-2) .....	<u>\$17,943,903</u>	<u>\$17,650,089</u>

***Use of Estimates***

The preparation of financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***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 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.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

**3. DEPOSITS AND INVESTMENTS**

***Deposits***

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$897,067, while the bank balance was \$981,363 of which \$592,155 was covered by federal depository insurance and \$389,208 was uninsured and uncollateralized. Rhode Island General Law 35-10.1 requires that public deposits which are time deposits with maturities greater than 60 days be insured or pledged by collateral. In addition, collateral must be insured or pledged for depository institutions, which do not meet minimum capital standards. The Town of Charlestown was in compliance with this law at June 30, 2003.

The carrying value of the Town's deposits and investments related to the Town's Statement of Net Assets (A-1) totals as follows:

Unrestricted cash deposits.....	\$ 853,028
Restricted cash deposits.....	44,039
Petty cash.....	1,626
Investments classified as cash equivalents .....	4,275,650
Less: Fiduciary funds cash (not included in the government-wide statement) ....	(9)
<b><i>Total cash and cash equivalents – (A-1)</i></b> .....	<u><b>\$5,174,334</b></u>

***Investments***

The Town accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

In accordance with the Home Rule Charter of the Town, the responsibility for conducting investment transactions resides with the Town Treasurer after consultation with the Town Administrator. As outlined in the Town's investment manual, funds of the Town may be invested in the following instruments:

- U.S. Treasury Bills
- Short term obligations of U.S. Government agencies
- Treasury bills and notes maturing within one (1) year
- Insured or collateralized certificates of deposit
- Repurchase agreements collateralized by U.S. Treasury securities
- State investment pools
- Money market mutual funds whose portfolios consist of a majority of U.S. Government securities or in broadly diversified money market instruments which are based in Rhode Island
- A1/P1 rated commercial paper secured by an irrevocable line of credit
- BBB (S&P) and higher rated bonds issued by corporations and utilities

The Town's investments are categorized below to give an indication of the level of risk associated with the investment at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003

3. **DEPOSITS AND INVESTMENTS (Continued)**

*Investments (Continued)*

Description	Category			Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Government Money Market Funds	\$3,241,088	\$0	\$0	\$3,241,088
Corporate stock.....	1,479	0	0	1,479
Series H Bond.....	500	0	0	500
<b>Subtotal</b> .....	<u>\$3,243,067</u>	<u>\$0</u>	<u>\$0</u>	3,243,067

**Investments not subject to categorization:**

U.S. government insured mutual funds 1,034,062

**Total** ..... \$4,277,129

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

Investments.....	\$4,277,129
Less: investments classified as cash equivalents.....	<u>(4,275,650)</u>
<b>Total investments (A-1)</b> .....	<u>\$ 1,479</u>

4. **TAXES RECEIVABLE AND DEFERRED REVENUE**

Taxes are assessed each December 31, and the levy thereon may be paid in full or quarterly, without penalty, at the taxpayer's option. A 12% penalty is imposed for all taxes in an overdue status.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 during the fiscal year although they may be paid in full by September 1, at the option of the taxpayer.

Unpaid property taxes at June 30, 2003, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received. Delinquent installments which are not received within sixty days after the close of the fiscal year are recorded as deferred revenue.

Net property taxes levied for the fiscal year 2003 were based on an assessed value of approximately \$1,255,106,025 at December 31, 2001 and amounted to \$14,232,384. Collections through June 30, 2003 amounted to \$13,984,391, which represents 98% 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. Unpaid property taxes as of June 30, 2003 are recorded as a receivable and amounted to \$661,874. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2003 are recorded as deferred revenue and amounted to \$580,450 at June 30, 2003. Property taxes recognized as revenue for the fiscal year ended June 30, 2003 (due to their collection within the 60 days immediately following June 30, 2003) amounted to \$81,424.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

**5. INTERGOVERNMENTAL RECEIVABLES/PAYABLES**

Intergovernmental receivables and payables consisted of the following at June 30, 2003:

	<u>Due From</u>	<u>Due To</u>
<b>Governmental activities:</b>		
<b>State of Rhode Island:</b>		
<b>Major funds:</b>		
General Fund .....	\$122,387	
<b>Non-major funds</b> .....	<u>190,098</u>	
<b>Total</b> .....	<u>312,485</u>	<u>\$0</u>
<b>Federal government:</b>		
<b>Major funds:</b>		
General Fund .....	43,582	
<b>Non-major funds</b> .....	<u>305,525</u>	
<b>Total</b> .....	<u>349,107</u>	<u>0</u>
<b>Total governmental activities</b> .....	<u>\$661,592</u>	<u>\$0</u>

**6. DEFINED BENEFIT PENSION PLANS**

**(a) General Municipal Employee's Pension Plan**

**Plan Description**

The Town's defined benefit pension plan, Municipal Employee's Retirement System of the State of Rhode Island (MERS), provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

**Funding Policy**

MERS members are required to contribute 7% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 5.77% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

**Annual Pension Cost**

For 2003, the Town's annual pension cost of \$70,547 for MERS was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included (a) a net investment return of 8.25 percent compounded annually, (b) projected salary increases of 3.0 percent compounded annually, (c) 3.0 percent per year cost-of-living adjustments, (d) mortality rates based on the 1994 Uninsured Pensioner Mortality Tables and (e) a retirement age of 65 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized as a level percentage of salary funding over a 30 year period. The remaining amortization period at June 30, 2003 was 6 years.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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

**(b) Municipal Police Pension Plan**

**Plan Description**

All full-time police members participate in the same Municipal Employee's Retirement System of the State of Rhode Island (described above).

**Funding Policy**

Covered police employees are required to contribute 9.0% of their salary. The Town is required to contribute at an actuarially determined rate; the current rate is 20.96% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

**Annual Pension Cost**

For 2003, the Town's annual pension cost of \$191,711 for the Police Pension System was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal cost method with frozen initial liability and adjusted on December 31, 2001, in anticipation of adopting COLA Plan C. Significant actuarial assumptions included (a) net investment return of 8.25 percent compounded annually, (b) projected salary increases of 3.0 percent compounded annually, (c) 3.0 percent per year cost of living adjustments, (d) mortality rates based on the 1994 Uninsured Pensioner Mortality Table, and (e) a retirement age of 60, or completion of service requirements, if later. The actuarial value of MERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized as a level percentage of salary funding over a 30 year period. The remaining amortization period at June 30, 2003 was 9 years.

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 2001 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.

**(c) Other Retirement Plans**

In addition to the Municipal and Police MERS, the Town also offers one self-funded plan as described below:

**Town Funded Retirement Benefits**

During fiscal year 2003, the Town provided retirement benefits to three former employees. These pensions are self-funded by the Town on a pay-as-you-go basis. Two of the pensions are based on fixed annual amounts ranging from \$4,800 to \$6,000 and are payable for the remainder of the retirees life. The other pension has a June 30, 1987 base amount of \$9,000 and is increased annually by 3%. In addition, if the retiree predeceases his spouse, then the surviving spouse is entitled to 50% of the benefits for the remainder of the spouse's life or until the spouse remarries. For the year ended June 30, 2003, the total cost to the Town for providing retirement benefits to these three retirees amounted to \$24,822.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

**7. INTERFUND BALANCES**

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Governmental activities:</b>		
<b>Major funds:</b>		
General Fund .....	\$149,688	\$284,904
<b>Non-major funds</b> .....	<u>387,155</u>	<u>43,582</u>
<b>Total governmental activities</b> .....	<u>\$536,843</u>	<u>\$328,486</u>
<b>Business-type activities:</b>		
<b>Major funds:</b>		
Residential Collection Center .....		\$186,863
Coastal Pond Management.....		<u>21,494</u>
<b>Total business-type activities</b> .....	<u>\$ 0</u>	<u>\$208,357</u>

**8. LONG-TERM LIABILITIES**

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
General obligation debt .....	\$1,490,000		\$170,000	\$1,320,000	\$170,000
Leases payable .....	<u>170,970</u>	<u>\$279,332</u>	<u>139,417</u>	<u>310,885</u>	<u>129,000</u>
<b>Total long-term debt</b> .....	<u>1,660,970</u>	<u>279,332</u>	<u>309,417</u>	<u>1,630,885</u>	<u>299,000</u>
<b>Other long-term liabilities:</b>					
Compensated absences.....	512,912	42,783		555,695	56,000
Landfill monitoring costs.....	<u>1,400,000</u>	<u>273,628</u>	<u>53,628</u>	<u>1,620,000</u>	<u>60,000</u>
<b>Total other long-term liabilities</b> .....	<u>1,912,912</u>	<u>316,411</u>	<u>53,628</u>	<u>2,175,695</u>	<u>116,000</u>
<b>Governmental activities:</b>					
Long-term liabilities.....	<u>\$3,573,882</u>	<u>\$595,743</u>	<u>\$363,045</u>	<u>\$3,806,580</u>	<u>\$415,000</u>
<b>Business-type Activities:</b>					
<b>Long-term liabilities:</b>					
Compensated absences.....	\$ 4,692	\$ 0	\$ 635	\$ 4,057	\$ 0
<b>Business-type activities long-term liabilities</b> .....	<u>\$ 4,692</u>	<u>\$ 0</u>	<u>\$ 635</u>	<u>\$ 4,057</u>	<u>\$ 0</u>

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2003

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

**(b) Debt Maturity**

At June 30, 2003, the Town has \$6,000,000 of remaining authorized unissued bond authority.

Annual principal and interest requirements on long-term liabilities are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004 .....	\$ 170,000	\$ 87,330	\$ 257,330
2005 .....	170,000	76,365	246,365
2006 .....	170,000	65,315	235,315
2007 .....	170,000	54,180	224,180
2008 .....	160,000	42,960	202,960
2009 .....	160,000	32,320	192,320
2010 .....	160,000	21,600	181,600
2011 .....	160,000	10,800	170,800
<b>Totals</b> .....	<u>\$1,320,000</u>	<u>\$390,870</u>	<u>\$1,710,870</u>

At June 30, 2003, the Town was in compliance with Rhode Island General Law 45-12-2 which places a 3% cap on the ratio of the Town's maximum aggregate indebtedness, excluding debt in the enterprise funds, to taxable property.

The Town reissued a \$1,435,000, 2.10% Bond Anticipation Note on April 1, 2003, due on April 1, 2004 for the purpose of purchasing land for open space conservation.

The Town has entered into seven lease agreements for financing the acquisition of various public works equipment. Capital assets purchased through leasing for the year ended June 30, 2003 amounted to \$279,332, while the depreciation expense on those assets amounted to \$29,461. The following schedule summarizes the future minimum lease payments under those capital leases, and the present value of the net minimum lease payments at June 30, 2003:

Fiscal year ending  
June 30:

2004 .....	\$143,124
2005 .....	81,935
2006 .....	64,689
2007 .....	<u>49,785</u>
<b>Total minimum lease payments</b> .....	339,533
Less: amount representing interest .....	<u>(28,648)</u>
<b>Present value of future minimum lease payments</b>	<u>\$310,885</u>

**(c) Short-Term Debt**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Note.....	\$1,435,000	\$1,435,000	\$1,435,000	\$1,435,000

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

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

**(d) Bonds outstanding**

Bonds payable at June 30, 2003, is comprised of the following:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Balance June 30, 2003</u>
General obligation serial bonds:					
General obligation bonds.....	6.40% - 6.75%	6/1/91	3/15/11	\$3,200,000	<u>\$1,320,000</u> (1)

(1) The bonds maturing on March 15, 2003 and thereafter will be subject to redemption prior to maturity at the option of the Town, on and after March 2002.

**9. CONTINGENT LIABILITIES**

**Grants**

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

**Litigation**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's attorneys, the resolution of these matters will not have a materially adverse effect on the financial condition of the government.

**10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In addition to providing pension benefits, the Town provides nine former employees with health insurance benefits and medicare for the remainder of their lives or until alternative coverage is obtained. These benefits are self-funded by the Town on a pay-as-you-go basis. For the year ended June 30, 2003, the total cost to the Town for providing retirement benefits to these nine former employees amounted to \$61,586.

**11. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS**

The Town accounts for its closure and postclosure care costs under GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLF's) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for MSWLF's that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and postclosure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

**11. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS (Continued)**

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reported a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Town closed the Landfill effective June 30, 2000. Costs incurred to close the landfill during the fiscal year ended June 30, 2003 totaled \$3,599 and have been recorded in the Landfill Closure Capital Project Fund. There is an additional \$25,000 in encumbrances due on the landfill closure project. Postclosure monitoring costs were originally estimated at \$50,000 per year for 30 years. Based upon revised estimates, the annual costs should approximate \$60,000 annually for the remaining 27 years.

**12. FUND EQUITY**

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

**(a) Reservations**

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

**General Fund:**

Reserved for tax sale property .....	\$ 48,479
Reserved for prepaid expenditures .....	23,636
Reserved for encumbrances .....	51,780
Reserved for unexpended school aid .....	<u>35,365</u>
<b>Total</b> .....	<u>\$159,260</u>

**Capital Projects Fund:**

Reserved for encumbrances .....	<u>\$ 25,000</u>
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**Permanent Funds:**

Reserved for perpetual care .....	<u>\$ 1,470</u>
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Designations of unreserved fund balances at June 30, 2003 were as follows:

**General Fund:**

Designated for fiscal 2004 operations .....	<u>\$650,000</u>
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**(b) Net Assets**

Restriction of net assets at June 30, 2003 were as follows:

**Enterprise Funds:**

Restriction for endowment .....	<u>\$10,000</u>
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(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2003

12. FUND EQUITY (Continued)

(c) Fund Deficits

The following funds had cumulative deficits at June 30, 2003:

Non-major Governmental Funds:

Teen Camp Special Fund .....	\$ 776
Landfill Closure .....	12,475
Open Space Acquisitions .....	1,460,210

The deficit in the Landfill Closure Fund and Teen Camp Special Fund will be funded by General Fund contributions. The deficit in the Open Space Acquisitions Fund will be funded by the issuance of General Obligation Bonds.

13. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land .....	\$3,476,228	\$1,745,664		\$5,221,892
<b>Total capital assets not being depreciated .</b>	<u>3,476,228</u>	<u>1,745,664</u>	<u>\$0</u>	<u>5,221,892</u>
<b>Other capital assets:</b>				
Buildings and improvements .....	2,648,650			2,648,650
Equipment .....	160,547	24,485		185,032
Vehicles .....	842,237	469,504		1,311,741
Infrastructure .....		225,247		225,247
<b>Total other capital assets .....</b>	<u>3,651,434</u>	<u>719,236</u>	<u>0</u>	<u>4,370,670</u>
Less: accumulated depreciation for:				
Buildings and improvements .....	(909,089)	(52,973)		(962,062)
Equipment .....	(45,873)	(36,453)		(82,326)
Vehicles .....	(298,203)	(181,007)		(479,210)
Infrastructure .....		(6,922)		(6,922)
<b>Total accumulated depreciation .....</b>	<u>(1,253,165)</u>	<u>(277,355)</u>	<u>0</u>	<u>(1,530,520)</u>
<b>Other capital assets, net .....</b>	<u>2,398,269</u>	<u>441,881</u>	<u>0</u>	<u>2,840,150</u>
<b>Governmental activities capital assets, net .....</b>	<u>\$5,874,497</u>	<u>\$2,187,545</u>	<u>\$0</u>	<u>\$8,062,042</u>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

**13. CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land .....	\$ 99,500			\$ 99,500
<b>Total capital assets not being depreciated.....</b>	<u>99,500</u>	<u>\$ 0</u>	<u>\$0</u>	<u>99,500</u>
<b>Other capital assets:</b>				
Buildings .....	18,550			18,550
Land improvements .....	113,684			113,684
Machinery and equipment.....	176,096			176,096
<b>Total other capital assets.....</b>	<u>308,330</u>	<u>0</u>	<u>0</u>	<u>308,330</u>
Less: accumulated depreciation for:				
Buildings .....	(16,693)	(371)		(17,064)
Land improvements .....	(15,158)	(7,579)		(22,737)
Machinery and equipment.....	(104,806)	(15,122)		(119,928)
<b>Total accumulated depreciation .....</b>	<u>(136,657)</u>	<u>(23,072)</u>	<u>0</u>	<u>(159,729)</u>
<b>Other capital assets, net.....</b>	<u>171,673</u>	<u>(23,072)</u>	<u>0</u>	<u>148,601</u>
<b>Business-type activities capital assets, net .....</b>	<u>\$271,173</u>	<u>\$(23,072)</u>	<u>\$0</u>	<u>\$248,101</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government .....	\$ 73,171
Public safety.....	98,380
Recreation.....	15,358
Public works .....	<u>90,446</u>
<b>Total governmental activities depreciation expense.....</b>	<u>\$277,355</u>
<b>Business-type activities:</b>	
Residential Collection Center .....	<u>\$23,072</u>

**14. 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 all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 1998, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. 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 for the year ended June 30, 2003.

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

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

**15. RISK MANAGEMENT**

The Town of Charlestown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement, which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the Town is insured for a maximum of \$3,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past ten fiscal years.

**16. COMMUNITY SEPTIC LOAN PROGRAM**

On June 9, 1999, the Town entered into an agreement with the Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a \$250,000 non-restoring line-of-credit. The proceeds of the loan shall be used by the Town for the establishment and operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans to be made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. As of June 30, 2003, approximately \$49,517 of loans have been disbursed under this program.

**17. INTERFUND TRANSFERS**

Interfund transfers for fiscal year ended June 30, 2003 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental activities:</b>		
<b>Major funds:</b>		
General Fund .....		\$450,291
<b>Non-major funds</b> .....	\$433,416	
<b>Total governmental activities</b> .....	<u>\$433,416</u>	<u>\$450,291</u>
<b>Business-type activities:</b>		
<b>Major funds:</b>		
Residential Collection Center .....	\$12,375	
Coastal Pond Management.....	<u>4,500</u>	
<b>Total business-type activities</b> .....	<u>\$16,875</u>	<u>\$ 0</u>

(CONCLUDED)

TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY  
INFORMATION

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**TOWN OF CHARLESTOWN, RHODE ISLAND**  
**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date <u>June 30,</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	(Overfunded) Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
<b><u>General Employees</u></b>						
1999	\$1,759,873	\$2,112,310	\$352,437	83.3%	\$1,023,725	34.4%
2000	\$2,087,016	\$2,377,882	\$290,866	87.8%	\$1,065,701	27.3%
2001	\$2,531,120	\$2,479,926	\$ (51,194)	102.1%	\$1,098,944	(4.7)%
<b><u>Police</u></b>						
1999	\$2,033,841	\$2,585,248	\$551,407	78.7%	\$601,948	91.6%
2000	\$2,439,034	\$3,015,132	\$576,098	80.9%	\$622,671	92.5%
2001	\$2,789,915	\$3,352,130	\$562,215	83.2%	\$790,121	71.2%

**SCHEDULE OF CONTRIBUTIONS FROM THE TOWN**

Year Ended <u>June 30,</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<b><u>General Employees</u></b>			
2001	\$91,608	100%	\$0
2002	\$83,528	100%	\$0
2003	\$70,547	100%	\$0
<b><u>Police</u></b>			
2001	\$203,056	100%	\$0
2002	\$167,292	100%	\$0
2003	\$191,711	100%	\$0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)

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NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2001
Actuarial cost method	Entry Age Normal
Amortization method	Level percent closed
Remaining amortization period	40 years (for original unfunded)
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	8.25%, compounded annually
Projected salary increases	4.25% - 10.25% Town and 5-15.5% Police
Cost-of-living adjustments	3.0% not compounded
Inflation	3% annually

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(NON GAAP BUDGETARY BASIS) BUDGET AND ACTUAL****GENERAL FUND  
YEAR ENDED JUNE 30, 2003**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
General property taxes	\$ 14,505,374	\$ 14,505,374	\$ 14,386,868	\$ (118,506)
Intergovernmental	2,035,505	2,035,505	2,327,311	291,806
Investment income	75,100	75,100	48,301	(26,799)
Departmental	780,375	780,375	902,091	121,716
<b>Total revenues</b>	<b>17,396,354</b>	<b>17,396,354</b>	<b>17,664,571</b>	<b>268,217</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	978,020	997,684	952,116	45,568
Public safety	1,495,335	1,539,115	1,501,352	37,763
Public works	753,168	764,969	711,628	53,341
Education	11,216,533	11,216,533	11,216,533	
Recreation	287,747	287,747	242,007	45,740
Public health and assistance	451,150	451,150	441,251	9,899
Miscellaneous	1,438,197	1,414,214	1,297,611	116,603
<b>Debt service:</b>				
Principal	170,000	170,000	170,000	
Interest and other costs	276,751	224,417	210,958	13,459
<b>Capital:</b>				
Capital improvements	216,404	204,603	454,494	(249,891)
<b>Total expenditures</b>	<b>17,283,305</b>	<b>17,270,432</b>	<b>17,197,950</b>	<b>72,482</b>
<b>Excess of revenues over expenditures</b>	<b>113,049</b>	<b>125,922</b>	<b>466,621</b>	<b>340,699</b>
<b>Other financing sources (uses):</b>				
Transfers from fund balance	372,276	372,276	372,276	
Proceeds from capital leases			279,332	279,332
Transfers out	(428,975)	(441,848)	(450,291)	(8,443)
Landfill monitoring	(56,350)	(56,350)	(53,628)	2,722
<b>Net other financing sources (uses)</b>	<b>(113,049)</b>	<b>(125,922)</b>	<b>147,689</b>	<b>273,611</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>614,310</b>	<b>\$ 614,310</b>
Less: transfers from fund balance			(372,276)	
Add: increase in encumbrances			51,780	
<b>Fund balance, beginning of year</b>			<b>4,032,747</b>	
<b>Fund balance, end of year</b>			<b>\$ 4,326,561</b>	

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES  
YEAR ENDED JUNE 30, 2003**

	Original and Final Budget	Actual Revenues	Variance Favorable (Unfavorable)
<b>Property taxes:</b>			
Current and prior years	\$ 14,405,374	\$ 14,246,036	\$ (159,338)
Interest on delinquent taxes	100,000	140,832	40,832
<b>Total property taxes</b>	<b>14,505,374</b>	<b>14,386,868</b>	<b>(118,506)</b>
<b>Intergovernmental revenues:</b>			
<b>State of Rhode Island including:</b>			
Beach parking fees	45,000	32,524	(12,476)
School aid	1,456,505	1,491,870	35,365
General revenue sharing	200,000	313,286	113,286
Hotel tax	9,000	9,748	748
Public service corporation tax	125,000	122,387	(2,613)
Motor vehicle phaseout	200,000	357,496	157,496
<b>Total intergovernmental revenues</b>	<b>2,035,505</b>	<b>2,327,311</b>	<b>291,806</b>
<b>Departmental revenues:</b>			
Town Clerk:			
Business licenses and fees	21,000	18,720	(2,280)
Non-business licenses and fees	1,100	878	(222)
Transfer stamps	145,000	217,164	72,164
Probate fees	14,500	8,759	(5,741)
Tax certificates	7,500	15,805	8,305
Recording fees	65,000	122,644	57,644
Building inspector	114,000	108,275	(5,725)
Police department	80,000	47,904	(32,096)
Recreation	13,250	9,129	(4,121)
Town beach parking and concessions	66,000	65,853	(147)
Beach passes	65,000	76,605	11,605
Blue Shutters parking and concessions	82,300	115,003	32,703
Teen adventure camp	14,375	10,133	(4,242)
Driving range	35,000	22,564	(12,436)
Animal control	6,000	7,545	1,545
Ninigret Park	3,600	6,324	2,724
Planning Board	10,000	6,505	(3,495)
Zoning Board and Review	9,000	10,326	1,326
Other revenues	27,750	31,955	4,205
<b>Total departmental revenues</b>	<b>780,375</b>	<b>902,091</b>	<b>121,716</b>
<b>Investment income</b>	<b>75,100</b>	<b>48,301</b>	<b>(26,799)</b>
<b>Other financing sources:</b>			
Transfer from fund balance	372,276	372,276	0
Proceeds from capital leases		279,332	279,332
<b>Total other financing sources</b>	<b>372,276</b>	<b>651,608</b>	<b>279,332</b>
<b>Total revenues and other financing sources</b>	<b>\$ 17,768,630</b>	<b>\$ 18,316,179</b>	<b>\$ 547,549</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

E-4

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2003**

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Favorable (Unfavorable)
<b>General Government:</b>							
Central services	\$ 160,890		\$ 160,890	\$ 154,576	\$ 112	\$ 154,688	\$ 6,202
Town clerk	119,402	\$ 15,198	134,600	133,340	271	133,611	989
Treasurer	124,931	5,451	130,382	128,145		128,145	2,237
Town administrator	123,646	(12,243)	111,403	110,285		110,285	1,118
Tax assessor	117,283		117,283	102,747		102,747	14,536
Building inspector	96,618		96,618	91,950		91,950	4,668
Tax collector	73,817	1,352	75,169	74,730		74,730	439
Town planner	78,348	2,320	80,668	79,235		79,235	1,433
Town council	19,350	794	20,144	19,644		19,644	500
Elections unit	26,700	6,792	33,492	29,988		29,988	3,504
Boards, agencies, and committees	37,035		37,035	27,093		27,093	9,942
<b>Total general government</b>	<b>978,020</b>	<b>19,664</b>	<b>997,684</b>	<b>951,733</b>	<b>383</b>	<b>952,116</b>	<b>45,568</b>
<b>Public Safety:</b>							
Police department	1,441,345	39,461	1,480,806	1,444,039	1,609	1,445,648	35,158
Animal control	52,990	4,319	57,309	55,428	200	55,628	1,681
Civil preparedness	1,000		1,000	76		76	924
<b>Total public safety</b>	<b>1,495,335</b>	<b>43,780</b>	<b>1,539,115</b>	<b>1,499,543</b>	<b>1,809</b>	<b>1,501,352</b>	<b>37,763</b>
<b>Public Works:</b>							
Highway department	513,517	9,319	522,836	474,912	33	474,945	47,891
Public buildings and grounds	157,864		157,864	154,536	2,048	156,584	1,280
Administration	72,787	2,482	75,269	74,285		74,285	984
Wastewater management	9,000		9,000	5,814		5,814	3,186
<b>Total public works</b>	<b>753,168</b>	<b>11,801</b>	<b>764,969</b>	<b>709,547</b>	<b>2,081</b>	<b>711,628</b>	<b>53,341</b>
<b>Recreation:</b>							
Participation recreation	99,122		99,122	93,410	171	93,581	5,541
Blue Shutters Beach	59,560		59,560	54,590	40	54,630	4,930
Town Beach	69,135		69,135	66,580	240	66,820	2,315
Driving Range	35,000		35,000	14,614		14,614	20,386
Ninigret Park	24,930		24,930	7,235	5,127	12,362	12,568
<b>Total recreation</b>	<b>287,747</b>	<b>0</b>	<b>287,747</b>	<b>236,429</b>	<b>5,578</b>	<b>242,007</b>	<b>45,740</b>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2003**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Public Health and Assistance:</b>							
Cross Mills Library	167,000		167,000	167,000		167,000	0
Ambulance services	115,000		115,000	115,000		115,000	0
Senior center expansion	24,000		24,000	23,967		23,967	33
Charlestown Senior meals	38,000		38,000	38,000		38,000	0
Washington County Nursing	7,400		7,400	7,400		7,400	0
South Shore Mental Health	4,000		4,000	4,000		4,000	0
Wood River Health Center	2,000		2,000	2,000		2,000	0
Women's Resource Center	1,000		1,000	1,000		1,000	0
Health Center of South County	2,500		2,500	2,500		2,500	0
Westerly Adult Day Care	1,000		1,000	1,000		1,000	0
Washington County Adult Learning	500		500	500		500	0
Warm Shelter	500		500	500		500	0
Gallilee Mission	500		500	500		500	0
Salt ponds	500		500	500		500	0
Wood River/Pawcatuck	500		500	500		500	0
Hospice Care of RI	750		750	750		750	0
Seniors helping others	500		500	500		500	0
Memorial Day Parade	500		500	250		250	250
Community 2000 Education Foundation	500		500	500		500	0
SRI Conservation District	500		500	500		500	0
Chariho Softball Girls	500		500	500		500	0
Chariho Cowboys	500		500	500		500	0
Chariho Soccer League	500		500	500		500	0
Charlestown Memorial Parade	500		500	500		500	0
Charlestown Ambulance vehicle	25,000		25,000	25,000		25,000	0
Community Center Transition	10,000		10,000	4,150		4,150	5,850
Charlestown School playground	15,000		15,000	15,000		15,000	0
Senior Community Center Coordinator	32,000		32,000	28,234		28,234	3,766
<b>Total public health and assistance</b>	<b>451,150</b>	<b>0</b>	<b>451,150</b>	<b>441,251</b>	<b>0</b>	<b>441,251</b>	<b>9,899</b>

TOWN OF CHARLESTOWN, RHODE ISLAND

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GENERAL FUND

**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2003**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variation Favorable (Unfavorable)</u>
<b>Education:</b>							
Chariho Regional High School	11,216,533	0	11,216,533	11,216,533	0	11,216,533	0
<b>Debt Service:</b>							
General Obligation Bond:							
Principal	170,000		170,000	170,000		170,000	0
Interest	98,295		98,295	98,295		98,295	0
Tax anticipation note - interest	7,500	(7,500)	0	0		0	0
Open Space BAN - interest	40,000	(16,290)	23,710	23,710		23,710	0
Capital leases	130,956	(28,544)	102,412	88,953		88,953	13,459
<b>Total debt service</b>	<b>446,751</b>	<b>(52,334)</b>	<b>394,417</b>	<b>380,958</b>	<b>0</b>	<b>380,958</b>	<b>13,459</b>
<b>Miscellaneous:</b>							
Employee insurance and benefits	1,125,447	(23,189)	1,102,258	1,035,726		1,035,726	66,532
Council contingency	15,000	(794)	14,206	28,223		28,223	(14,017)
Town insurance	131,000		131,000	112,888		112,888	18,112
Auditing	13,750		13,750	14,184		14,184	(434)
Legal services	153,000		153,000	106,590		106,590	46,410
<b>Total miscellaneous</b>	<b>1,438,197</b>	<b>(23,983)</b>	<b>1,414,214</b>	<b>1,297,611</b>	<b>0</b>	<b>1,297,611</b>	<b>116,603</b>
<b>Capital Improvements Program:</b>							
Police	88,680		88,680	85,165		85,165	3,515
Public Works	73,579	(11,801)	61,778	21,010	23,199	44,209	17,569
Animal control	11,404		11,404	4,640	1,670	6,310	5,094
Computer upgrade	3,000		3,000	3,000		3,000	0
Recreation facility	15,000		15,000	3,819	17,060	20,879	(5,879)
Town hall maintenance	16,741		16,741	7,599		7,599	9,142
Clerk restoration program	8,000		8,000	8,000		8,000	0
Capital leases	0		0	279,332		279,332	(279,332)
<b>Total capital improvements</b>	<b>216,404</b>	<b>(11,801)</b>	<b>204,603</b>	<b>412,565</b>	<b>41,929</b>	<b>454,494</b>	<b>(249,891)</b>

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUNDSCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2003

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variation Favorable (Unfavorable)</u>
<b>Transfers out:</b>							
Enterprise funds	16,875		16,875	16,875		16,875	0
Special revenue funds - Revaluation	67,500		67,500	67,500		67,500	0
Special revenue funds -Teen Camp Special Fund	12,600		12,600	12,600		12,600	0
Special revenue funds - Police Grants	5,000		5,000	3,480		3,480	1,520
Special revenue funds - Universal Hiring Fund				12,955		12,955	(12,955)
Special revenue funds - Municipal Planning	50,000	(3,237)	46,763	43,771		43,771	2,992
Special revenue funds - Educational Planning	150,000	16,110	166,110	166,110		166,110	0
Special revenue funds - Reserve for Leave	75,000		75,000	75,000		75,000	0
Special revenue funds - Comprehensive Planning	15,000		15,000	15,000		15,000	0
Capital project funds - DPW Road Engineering	37,000		37,000	37,000		37,000	0
<b>Total transfers out</b>	<b>428,975</b>	<b>12,873</b>	<b>441,848</b>	<b>450,291</b>	<b>0</b>	<b>450,291</b>	<b>(8,443)</b>
<b>Other:</b>							
Landfill monitoring	56,350		56,350	53,628		53,628	2,722
<b>Total other</b>	<b>56,350</b>	<b>0</b>	<b>56,350</b>	<b>53,628</b>	<b>0</b>	<b>53,628</b>	<b>2,722</b>
<b>Total expenditures</b>	<b>\$ 17,768,630</b>	<b>\$ 0</b>	<b>\$ 17,768,630</b>	<b>\$ 17,650,089</b>	<b>\$ 51,780</b>	<b>\$ 17,701,869</b>	<b>\$ 66,761</b>

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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

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**BUDGETARY TO GAAP BASIS RECONCILIATION**

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis for the year ended June 30, 2003:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$614,310
Fund balance reappropriated.....	(372,276)
Current year encumbrances .....	<u>51,780</u>
Excess of revenues and other sources over expenditures and other uses (GAAP)	<u>\$293,814</u>

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

#### Police Grants – LLEBG Grant 2002

The purpose of this fund is to account for police grants received from the Governor's Justice Commission to purchase equipment within the police station.

#### Police Grants - Byrne

The purpose of this fund is to account for police grants received from the Governor's Justice Commission.

#### Seat Belt Grant

This fund accounts for grant monies received from the U.S. Department of Transportation through the Governor's Office on Highway Safety.

#### Farm Viability Grant

This fund accounts for grant monies received to set-up a web site to promote farming.

#### School Impact Fees

This fund accounts for fees collected from new construction to be used for school facilities.

#### Educational Planning

The purpose of this fund is to account for monies set-aside for a stand alone Charlestown School system.

#### Historical and Vital Records

This fund is to account for fees collected for the filing of state documents and recording fees. The revenue received is to be used for the preservation of public records of historical value maintained by the municipal clerk.

#### Municipal Planning

The purpose of this fund is to account for monies set-aside for municipal planning.

#### Revaluation Fund

This fund accounts for resources restricted to pay for costs associated with the Town's property revaluation.

(CONTINUED)

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# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS (CONTINUED)

#### Reserve for Employee Severance Benefits

This fund accounts for funds set-aside for employee severance benefits.

#### Comprehensive Planning Grant

The Planning and Land Use Grant fund accounts for monies received from the state to be used by the Town in preparation of its comprehensive plans.

#### Wellhead Protection

This fund accounts for funds received for protection of ground water resources.

#### Schoolhouse Pond Trail Grant

This fund accounts for activities related to parking lot and trail improvements at Schoolhouse Pond.

#### Ninigret Arts and Entertainment Fund

This fund accounts for grant monies received from the Rhode Island Foundation to be used for an entertainment complex at Ninigret Park.

#### Ninigret Park

This fund accounts for revenues generated at the Ninigret Park recreational facility.

#### Bicentennial Fund

This fund accounts for donations which are restricted to cover costs associated with the Town's next Bicentennial Celebration.

#### RI Emergency Management Grant

This fund accounts for grant monies received for Homeland Security and/or emergency management.

#### Teen Camp Special Fund

This fund accounts for activities related to the operation of the Xtreme Teen Camp and is funded through the general fund.

#### Developer Bond Deposits

This fund accounts for activity related to construction deposits held by the Town.

(CONTINUED)

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# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS (CONTINUED)

#### Open Space Fees

This fund accounts for fees charged to developers which are to be set aside for future open space and recreational facilities.

#### D.A.R.E. Program

D.A.R.E. stands for Drug Abuse Resistance Education. This program is to account for a grant received by the Town to be utilized to educate the youth of Charlestown on drug abuse.

#### Naval Air Memorial

This fund accounts for donations received by the Town which will be used to build a monument at the old Naval Air Base in the Town of Charlestown.

#### Police Forfeiture

The Police Forfeiture Fund accounts for funds received from drug related indictments.

#### Employee Vending

The purpose of this fund is to account for funds generated from vending machines located in Town Hall which are used to pay for an annual employee party.

#### Police Bike Unit Training

This fund accounts for fees collected for bike training to offset costs associated with the operations of the bike unit.

#### Birthday Committee

This fund accounts for donations received by the Town which will be used for the Town's Centennial celebrations.

#### Recreation Department Donations

This fund accounts for miscellaneous donations received by the Town.

#### Tobacco Grant

This fund accounts for federal grant monies to ensure compliance of the sale of cigarettes to minors.

#### Juvenile Justice Grant

This fund accounts for activities related to the Xtreme Teen Camp to be financed with grant proceeds.

(CONTINUED)

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# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS (CONTINUED)

#### COPS Hiring Grants

This fund accounts for federal funds received to offset costs associated with the hiring of new police officers.

#### Champlin Grant

This fund accounts for grant monies received from the Champlin Foundation, which is to be used for various recreation activities.

#### FEMA Hazard Mitigation

This fund accounts for Federal Emergency Management Agency funds received to offset costs associated with the performance of a Flood Mitigation Project.

#### EPA Wastewater Management

This fund accounts for federal monies received to further enhance the wastewater management in the Town of Charlestown.

#### Community Development Block Grants

This fund accounts for funds obtained through the Community Development Block Grant Program and the U.S. Department of Housing and Urban Development, which are restricted for specific purposes of programs.

### CAPITAL PROJECT FUNDS

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

#### Open Space Acquisition

Accounts for costs related to the purchase of open space land.

#### Landfill Closure

Accounts for the construction costs related to the closing of the landfill.

#### Capital Acquisition

Accounts for costs related to the purchase of equipment for the Department of Public Works.

#### DPW Road Engineering

Accounts for costs related to road engineering.

(CONTINUED)

# Town Of Charlestown

## NON-MAJOR GOVERNMENTAL FUNDS

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### DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of demand note principal and interest from governmental resources and special assessment demand note principal and interest from special assessment levies when the government is obligated in some manner for the payment.

#### Ocean Ridge Road

This fund accounts for the assessment of property owners for road improvements through special legislation. The property liens are placed on the plats for a period of 15 years.

### PERMANENT FUNDS

The Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the interest may be used to achieve the objective of the funds.

#### Cemetery Fund

The Cemetery Fund accounts for monies provided by individuals to be used for the perpetual care of Town cemeteries.

#### Zenis H. Ellis Fund

The Zenis H. Ellis Fund accounts for monies provided by a private donor for the benefit of the Narragansett Indian Sunday School of Charlestown. The principal amount of the gift is to be maintained intact and invested. Investment earnings are given to the Sunday School.

(CONCLUDED)

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**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue Funds					
	Police Grants - LLEBG Grant 2002	Police Grants - Byrne	Seat Belt Grant	Farm Viability Grant	School Impact Fees	Educational Planning
<b>ASSETS:</b>						
Cash and cash equivalents					\$ 289,415	
Investments						
Other receivables						
Due from:						
Other funds	\$ 5,140	\$ 2,279	\$ 108	\$ 8,373	2,854	\$ 75,000
Other governments		19,765				
<b>TOTAL ASSETS</b>	<b>\$ 5,140</b>	<b>\$ 22,044</b>	<b>\$ 108</b>	<b>\$ 8,373</b>	<b>\$ 292,269</b>	<b>\$ 75,000</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable			\$ 108	\$ 1,675		
Due to other funds		\$ 11,195				
Retainage payable						
Deferred revenues	\$ 4,659	7,850		6,698		
Other liabilities						
Bond anticipation note payable						
<b>TOTAL LIABILITIES</b>	<b>4,659</b>	<b>19,045</b>	<b>108</b>	<b>8,373</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	481	2,999			292,269	75,000
Capital project funds						
Debt service funds						
<b>TOTAL FUND BALANCES</b>	<b>481</b>	<b>2,999</b>	<b>0</b>	<b>0</b>	<b>292,269</b>	<b>75,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,140</b>	<b>\$ 22,044</b>	<b>\$ 108</b>	<b>\$ 8,373</b>	<b>\$ 292,269</b>	<b>\$ 75,000</b>

(CONTINUED)

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue Funds					
	Historical and Vital Records	Municipal Planning	Revaluation Fund	Reserve for Employee Severance Benefits	Comprehensive Planning Grant	Wellhead Protection
<b>ASSETS:</b>						
Cash and cash equivalents					\$ 777	
Investments						
Other receivables						
Due from:						
Other funds	\$ 6,910	\$ 35,000	\$ 109,497	\$ 17,538	14,223	
Other governments						\$ 6,000
<b>TOTAL ASSETS</b>	<b>\$ 6,910</b>	<b>\$ 35,000</b>	<b>\$ 109,497</b>	<b>\$ 17,538</b>	<b>\$ 15,000</b>	<b>\$ 6,000</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 555					
Due to other funds						\$ 3,750
Retainage payable						
Deferred revenues						
Other liabilities						2,250
Bond anticipation note payable						
<b>TOTAL LIABILITIES</b>	<b>555</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>6,000</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	6,355	35,000	109,497	17,538	15,000	
Capital project funds						
Debt service funds						
<b>TOTAL FUND BALANCES</b>	<b>6,355</b>	<b>35,000</b>	<b>109,497</b>	<b>17,538</b>	<b>15,000</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,910</b>	<b>\$ 35,000</b>	<b>\$ 109,497</b>	<b>\$ 17,538</b>	<b>\$ 15,000</b>	<b>\$ 6,000</b>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

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**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue Funds					
	Schoolhouse Pond/Trails Grant	Ninigret Arts and Entertainment	Ninigret Park Fund	Bicentennial Fund	RI Emergency Management Grant	Teen Camp Special Fund
<b>ASSETS:</b>						
Cash and cash equivalents			\$ 31,395	\$ 143		
Investments				1,479		
Other receivables						
Due from:						
Other funds		\$ 5,300			\$ 4,307	
Other governments	\$ 1,472					
<b>TOTAL ASSETS</b>	<b>\$ 1,472</b>	<b>\$ 5,300</b>	<b>\$ 31,395</b>	<b>\$ 1,622</b>	<b>\$ 4,307</b>	<b>\$ 0</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds	\$ 1,472					\$ 776
Retainage payable						
Deferred revenues		\$ 5,300			\$ 4,307	
Other liabilities						
Bond anticipation note payable						
<b>TOTAL LIABILITIES</b>	<b>1,472</b>	<b>5,300</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>4,307</b>	<b>776</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds			31,395	1,622		(776)
Capital project funds						
Debt service funds						
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>0</b>	<b>31,395</b>	<b>1,622</b>	<b>0</b>	<b>(776)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,472</b>	<b>\$ 5,300</b>	<b>\$ 31,395</b>	<b>\$ 1,622</b>	<b>\$ 4,307</b>	<b>\$ 0</b>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	DARE Program	Naval Airfield Memorial	Police Forfeiture	Employee Vending
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 220,532	\$ 9,988	\$ 448	\$ 4,322	\$ 412	\$ 715
Investments						
Other receivables						
Due from:						
Other funds						
Other governments						
<b>TOTAL ASSETS</b>	<b>\$ 220,532</b>	<b>\$ 9,988</b>	<b>\$ 448</b>	<b>\$ 4,322</b>	<b>\$ 412</b>	<b>\$ 715</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Retainage payable						
Deferred revenues						
Other liabilities	\$ 220,532					
Bond anticipation note payable						
<b>TOTAL LIABILITIES</b>	<b>220,532</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds		9,988	448	4,322	412	715
Capital project funds						
Debt service funds						
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>9,988</b>	<b>448</b>	<b>4,322</b>	<b>412</b>	<b>715</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 220,532</b>	<b>\$ 9,988</b>	<b>\$ 448</b>	<b>\$ 4,322</b>	<b>\$ 412</b>	<b>\$ 715</b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue					
	Police Bike Unit Training	Birthday Committee	Recreation Department Donations	Tobacco Grant	Juvenile Justice Grant	COPS Hiring Grant
<b>ASSETS:</b>						
Cash and cash equivalents		\$ 1,623				
Investments						
Other receivables						
Due from:						
Other funds	\$ 1,437				\$ 283	
Other governments				\$ 26		
<b>TOTAL ASSETS</b>	<b>\$ 1,437</b>	<b>\$ 1,623</b>	<b>\$0</b>	<b>\$ 26</b>	<b>\$ 283</b>	<b>\$0</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds				\$ 26		
Retainage payable						
Deferred revenues					\$ 283	
Other liabilities						
Bond anticipation note payable						
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$0</b>	<b>26</b>	<b>283</b>	<b>\$0</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	1,437	1,623				
Capital project funds						
Debt service funds						
<b>TOTAL FUND BALANCES</b>	<b>1,437</b>	<b>1,623</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,437</b>	<b>\$ 1,623</b>	<b>\$0</b>	<b>\$ 26</b>	<b>\$ 283</b>	<b>\$0</b>

(CONTINUED)

**TOWN OF CHARLESTOWN, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Special Revenue Funds				Capital Project Funds		
	Champlin	FEMA Hazard Mitigation	EPA Grant	Wastewater Management	Community Development Block Grant	Open Space Acquisitions	Landfill Closure
<b>ASSETS:</b>							
Cash and cash equivalents							
Investments							
Other receivables							
Due from:							
Other funds							\$ 23,886
Other governments			\$ 285,760	\$ 25,000	\$ 157,600		
<b>TOTAL ASSETS</b>	\$0	\$0	\$ 285,760	\$ 25,000	\$ 157,600	\$ 0	\$ 23,886
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable					\$ 3		\$ 797
Due to other funds				\$ 1,045	108	\$ 25,210	
Retainage payable							35,564
Deferred revenues			\$ 285,760	23,955	157,270		
Other liabilities							
Bond anticipation note payable						1,435,000	
<b>TOTAL LIABILITIES</b>	\$0	\$0	285,760	25,000	157,381	1,460,210	36,361
<b>FUND BALANCES:</b>							
Reserved for:							
Perpetual care							
Encumbrances							25,000
Unreserved, reported in:							
Special revenue funds					219		
Capital project funds						(1,460,210)	(37,475)
Debt service funds							
<b>TOTAL FUND BALANCES</b>	0	0	0	0	219	(1,460,210)	(12,475)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$0	\$0	\$ 285,760	\$ 25,000	\$ 157,600	\$ 0	\$ 23,886

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2003**

	Capital Project Funds		Debt Service Funds	Permanent Funds		Total Non-Major Governmental Funds
	Capital Acquisitions	DPW Road Engineering	Ocean Ridge Road	Zenis Ellis Trust	Cemetery Fund	
<b>ASSETS:</b>						
Cash and cash equivalents			\$ 10,748	\$ 987	\$ 500	\$ 572,005
Investments						1,479
Other receivables			2,625			2,625
Due from:						
Other funds	\$ 3,000	\$ 72,000			20	387,155
Other governments						495,623
<b>TOTAL ASSETS</b>	<b>\$ 3,000</b>	<b>\$ 72,000</b>	<b>\$ 13,373</b>	<b>\$ 987</b>	<b>\$ 520</b>	<b>\$ 1,458,887</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
Accounts payable						\$ 3,138
Due to other funds						43,582
Retainage payable						35,564
Deferred revenues			\$ 2,626			500,958
Other liabilities				\$ 37		220,569
Bond anticipation note payable						1,435,000
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>2,626</b>	<b>37</b>	<b>\$ 0</b>	<b>2,238,811</b>
<b>FUND BALANCES:</b>						
Reserved for:						
Perpetual care				950	520	1,470
Encumbrances						25,000
Unreserved, reported in:						
Special revenue funds						605,544
Capital project funds	3,000	72,000				(1,422,685)
Debt service funds			10,747			10,747
<b>TOTAL FUND BALANCES</b>	<b>3,000</b>	<b>72,000</b>	<b>10,747</b>	<b>950</b>	<b>520</b>	<b>(779,924)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,000</b>	<b>\$ 72,000</b>	<b>\$ 13,373</b>	<b>\$ 987</b>	<b>\$ 520</b>	<b>\$ 1,458,887</b>

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

F-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds					
	Police Grants - LLEBG Grant 2002	Police Grants- Byrne	Seat Belt Grant	Farm Viability Grant	School Impact Fees	Educational Planning
<b>REVENUES:</b>						
Intergovernmental	\$ 152	\$ 11,915	\$ 969	\$ 3,237		
Investment income					\$ 2,985	
Other					67,069	
<b>TOTAL REVENUES</b>	<u>152</u>	<u>11,915</u>	<u>969</u>	<u>3,237</u>	<u>70,054</u>	<u>\$ 0</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government				3,237	5,718	
Public safety	152	14,772	969			
Public works						
Education						91,110
Parks and recreation						
Community development						
<b>Capital:</b>						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	<u>152</u>	<u>14,772</u>	<u>969</u>	<u>3,237</u>	<u>5,718</u>	<u>91,110</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<u>0</u>	<u>(2,857)</u>	<u>0</u>	<u>0</u>	<u>64,336</u>	<u>(91,110)</u>
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	481	2,999	0	0	0	166,110
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>481</u>	<u>142</u>	<u>0</u>	<u>0</u>	<u>64,336</u>	<u>75,000</u>
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<u>0</u>	<u>2,857</u>	<u>0</u>	<u>0</u>	<u>227,933</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ 481</u>	<u>\$ 2,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 292,269</u>	<u>\$ 75,000</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds					
	Historical and Vital Records	Municipal Planning	Revaluation Fund	Reserve for Employee Severance Benefits	Comprehensive Planning Grant	Wellhead Protection
<b>REVENUES:</b>						
Intergovernmental						\$ 3,750
Investment income						
Other	\$ 5,469			\$ 7,322		
<b>TOTAL REVENUES</b>	<u>5,469</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>7,322</u>	<u>\$ 0</u>	<u>3,750</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	5,736	8,771	111,085	64,784		3,750
Public safety						
Public works						
Education						
Parks and recreation						
Community development						
<b>Capital:</b>						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	<u>5,736</u>	<u>8,771</u>	<u>111,085</u>	<u>64,784</u>	<u>0</u>	<u>3,750</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<u>(267)</u>	<u>(8,771)</u>	<u>(111,085)</u>	<u>(57,462)</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	0	43,771	67,500	75,000	15,000	0
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(267)</u>	<u>35,000</u>	<u>(43,585)</u>	<u>17,538</u>	<u>15,000</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<u>6,622</u>	<u>0</u>	<u>153,082</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ 6,355</u>	<u>\$ 35,000</u>	<u>\$ 109,497</u>	<u>\$ 17,538</u>	<u>\$ 15,000</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds					
	Schoolhouse Pond/Trails Grant	Ninigret Arts and Entertainment	Ninigret Park Fund	Bicentennial Fund	RI Emergency Management Grant	Teen Camp Special Fund
<b>REVENUES:</b>						
Intergovernmental						
Investment income						\$ 10,508
Other			\$ 294	\$ 23		
<b>TOTAL REVENUES</b>	\$0	\$0	24,259 24,553	23	\$0	535 11,043
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government				49		
Public safety						12,797
Public works						
Education						
Parks and recreation						
Community development						
<b>Capital:</b>						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	0	0	0	49	0	12,797
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	0	0	24,553	(26)	0	(1,754)
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	0	0	0	0	0	12,600
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	0	0	24,553	(26)	0	10,846
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	0	0	6,842	1,648	0	(11,622)
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$0	\$0	\$ 31,395	\$ 1,622	\$0	\$ (776)

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	DARE Program	Naval Airfield Memorial	Police Forfeiture	Employee Vending
<b>REVENUES:</b>						
Intergovernmental						
Investment income						
Other		\$ 116		\$ 50		\$ 5
<b>TOTAL REVENUES</b>	\$0	116	\$ 293	50	\$ 0	501
						506
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government						
Public safety			420			477
Public works						
Education						
Parks and recreation						
Community development						
<b>Capital:</b>						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	0	0	420	0	0	477
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	0	116	(127)	50	0	29
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	0	0	0	0	0	0
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	0	116	(127)	50	0	29
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	0	9,872	575	4,272	412	686
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$0	\$ 9,988	\$ 448	\$ 4,322	\$ 412	\$ 715

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue					
	Police Bike Unit Training	Birthday Committee	Recreation Department Donations	Tobacco Grant	Juvenile Justice Grant	COPS Hiring Grant
<b>REVENUES:</b>						
Intergovernmental				\$ 175		\$ 16,245
Investment income		\$ 15				
Other	\$ 3,525		\$ 1,100			
<b>TOTAL REVENUES</b>	<u>3,525</u>	<u>15</u>	<u>1,100</u>	<u>175</u>	<u>\$0</u>	<u>16,245</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government				175		
Public safety	3,943					29,200
Public works						
Education						
Parks and recreation			2,628			
Community development						
<b>Capital:</b>						
Capital expenditures						
<b>TOTAL EXPENDITURES</b>	<u>3,943</u>	<u>0</u>	<u>2,628</u>	<u>175</u>	<u>0</u>	<u>29,200</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<u>(418)</u>	<u>15</u>	<u>(1,528)</u>	<u>0</u>	<u>0</u>	<u>(12,955)</u>
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	0	0	0	0	0	12,955
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(418)</u>	<u>15</u>	<u>(1,528)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	<u>1,855</u>	<u>1,608</u>	<u>1,528</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ 1,437</u>	<u>\$ 1,623</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Special Revenue Funds				Capital Project Funds		
	Champlin	FEMA Hazard Mitigation	EPA Grant	Wastewater Management	Community Development Block Grant	Open Space Acquisitions	Landfill Closure
<b>REVENUES:</b>							
Intergovernmental		\$ 6,788	\$ 58,309	\$ 1,045	\$ 82,025	\$ 300,000	
Investment income	\$ 18						
Other						400,000	
<b>TOTAL REVENUES</b>	18	6,788	58,309	1,045	82,025	700,000	\$ 0
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government	11,572						
Public safety							
Public works		2,742	58,309	1,045			
Education							
Parks and recreation							
Community development					82,025		
<b>Capital:</b>							
Capital expenditures						1,745,665	3,599
<b>TOTAL EXPENDITURES</b>	11,572	2,742	58,309	1,045	82,025	1,745,665	3,599
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	(11,554)	4,046	0	0	0	(1,045,665)	(3,599)
<b>OTHER FINANCING SOURCES:</b>							
Transfers in	0	0	0	0	0	0	0
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	(11,554)	4,046	0	0	0	(1,045,665)	(3,599)
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	11,554	(4,046)	0	0	219	(414,545)	(8,876)
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 219	\$(1,460,210)	\$ (12,475)

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003**

	Capital Project Funds		Debt Service Funds	Permanent Funds		Total Non-Major Governmental Funds
	Capital Acquisitions	DPW Road Engineering	Ocean Ridge Road	Zenis Ellis Trust	Cemetery Fund	
<b>REVENUES:</b>						
Intergovernmental						\$ 495,118
Investment income			\$ 243		\$ 20	3,769
Other			3,730			513,803
<b>TOTAL REVENUES</b>	\$ 0	\$ 0	3,973	\$ 0	20	1,012,690
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government						228,571
Public safety						49,036
Public works						62,096
Education						91,110
Parks and recreation						2,628
Community development						82,025
<b>Capital:</b>						
Capital expenditures	4,000					1,753,264
<b>TOTAL EXPENDITURES</b>	4,000	0	0	0	0	2,268,730
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	(4,000)	0	3,973	0	20	(1,256,040)
<b>OTHER FINANCING SOURCES:</b>						
Transfers in	0	37,000	0	0	0	433,416
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	(4,000)	37,000	3,973	0	20	(822,624)
<b>FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR</b>	7,000	35,000	6,774	950	500	42,700
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	\$ 3,000	\$ 72,000	\$ 10,747	\$ 950	\$ 520	\$ (779,924)

(CONCLUDED)

# Town Of Charlestown

REPORTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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# CAYER CACCIA LLP

Certified Public Accountants and Business Consultants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Town Council,  
Charlestown, Rhode Island

We have audited the financial statements of the Town of Charlestown, Rhode Island, as of and for the year ended June 30, 2003, and have issued our report thereon dated November 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the Town of Charlestown, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Town of Charlestown, Rhode Island in a separate letter dated November 24, 2003.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Charlestown, Rhode Island's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Charlestown, Rhode Island in a separate letter dated November 24, 2003.

This report is intended solely for the information and use of the Town Council, management, federal awarding agencies, and those other governments from which federal awards were received and is not intended to be and should not be used by anyone other than these specified parties.

November 24, 2003

*Cayn Caccia, LLP.*