

Town of North Kingstown, Rhode Island

2019 Popular Annual Financial Report



Popular Annual Financial Report

For the Year Ended June 30, 2019



Town of

North Kingstown, RI

An historic community with an eye to the future

Town of North Kingstown, Rhode Island

2019 Popular Annual Financial Report

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**This report has been prepared and distributed in the
Town of North Kingstown
in the interest of an informed citizenry.**

Town of North Kingstown, Rhode Island

2019 Popular Annual Financial Report

To the Residents and Taxpayers of North Kingstown

We are proud to present our first Popular Annual Financial Report for the Town of North Kingstown. This report continues our efforts and dedication towards transparency and accountability. This report is a summary of the Comprehensive Annual Financial Report (CAFR) that was prepared by the Town's finance department, led by James Lathrop, CPA, MPA, Director of Finance, and Marcum, CPA's, LLP.

This past year our community has benefitted from continued efforts to improve tax collections, increased non-tax revenues and an expanding tax base, reducing the burden on our taxpayers. We operate under a streamlined and efficient budget, continuing our recent history of balanced budgets while adding to our all-important fund balance.

We are committed to continuing this trend while supporting upcoming improvements to our Town's infrastructure and services. Our goal and mission is to provide residents and visitors with high quality public services, a safe and healthy community and a sound financial foundation. We thank you for the opportunity to serve you.

A. Ralph Mollis
Town Manager

The Town of North Kingstown's financial statements are audited by Marcum, CPA's LLC, a licensed certified public accounting firm. The goal of the audit is to provide reasonable assurances that the financial statements are free of material misstatements.

It is our responsibility to closely monitor resources and engage in operational efficiencies, containment of cost, and maximization of revenue. These efforts maintain a strong financial position and fiscal stability. We continue to monitor for cost reductions that do not reduce the level of services to our citizens.

It is the hope that this Popular Annual Financial Report is a helpful tool in understanding the Town's finances for the Fiscal Year ending June 30, 2019

James Lathrop, CPA, MPA
Director of Finance

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Message from the Town Council President

To the Residents and Taxpayers of North Kingstown, RI

I am pleased to present the Town of North Kingstown's Popular Annual Financial Report for the year ending June 30, 2019.

We ended FY 2019 with a surplus of \$2.2 million. The Town's Fund Balance continues to grow, reaching \$22.9 million at June 30, 2019. Strong operational results combined with a healthy, growing fund balance resulted in an AA+ bond rating.

Our OPEB (Other Post-Employment Benefits) liability decreased from \$26.6 million to \$20.7 million. The OPEB liability in 2017, before I took office, was \$36.9 million. During my time in office we have been able to reduce our liability by \$16.2 million (44%). Long term debt outstanding decreased \$3.3 million in FY 2019.

The Town continues to identify nontax funding opportunities. Tax revenue accounted for 73% of all revenue in FY 2019, a decrease from 74% in 2018. The tax collection rate increased to 98.03% from 96.77% in FY 2018. This is the highest collection rate in the past decade for the Town of North Kingstown. Our collection efforts, including participation in the State of Rhode Island Income Tax Offset program, resulted in the collection of \$1.7 million of prior year taxes.

We are committed to addressing much needed infrastructure. We issued the first phase of the voter approved \$27 million bond. This will address \$13.5 million of school needs, including the new athletic field that opened in the fall of 2019.

Using initiative lease financing, we have established a vehicle replacement program that resulted in the addition/replacement of four (4) police vehicles, two (2) fire vehicles, and seven (7) vehicles for public works. In addition, we purchased a new ladder truck for the fire department using cash that resulted in a discount of over \$80,000. Staff continue to pursue grants. Among the funding received was a \$268,600 FEMA grant that covers 90% of the cost to replace aging breathing apparatus for our fire department.

In addition to our strong financial position, for the first time in years we are taking steps to ensure we properly maintain Town assets and properly dispose of those that are not useful for the town and taxpayers.

We are confident that our prudent management of your tax dollars and Town assets will ensure that our municipal government and school department will have the resources needed to provide the services our citizens desire, thereby making our Town a community where people want to live, work, and raise a family.

Gregory A. Mancini
Town Council President

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The North Kingstown Town Council



From left to right: Richard Welch, Stacey Elliott, President Gregory Mancini, Mary Brimer and Kerry McKay

The Town operates under a Manager/Council form of government. The Town Council is the governing body of the Town, consisting of five members elected at large to serve two (2) years. The next election is November 2020. The Town Council meets at 7:00 P.M. on the first and third Monday of each month at the Beechwood House, the Town's Senior Center, 44 Beach Street, North Kingstown, RI.

Gregory Mancini, President

gmancini@northkingstown.org

Mary Brimer, Member

mbrimer@northkingstown.org

Stacey Elliott, Member

selliott@northkingstown.org

Kerry McKay, Member

kmckay@northkingstown.org

Richard Welch, Member

rwelch@northkingstown.org



Citizens and taxpayers are encouraged to attend Town Council meetings and are given an opportunity to be heard as part of the public comment portion of each meeting.

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Overview of North Kingstown

Historical Background

North Kingstown's history can be traced back to the 1630's when Roger Williams established a temporary trading post near Cocumscussoc along major thoroughfares of the Narragansett People. Richard Smith later joined him and over time, amassed large land holdings in what was known as "Narragansett Country".

In 1674, Kings Towne was founded by the colonial government and included the present-day towns of North Kingstown, South Kingstown, Exeter, and Narragansett. Wickford was platted in 1709 and as the settlement rapidly expanded it was divided into North and South Kingstown in 1722. Today North Kingstown covers an area of 54 square miles and is primarily a residential suburb, located approximately 22 miles south of Providence, RI. North Kingstown's population is 26,486 based on the 2010 U.S. Census.



In the 18th century, North Kingstown was an agricultural community made of small to medium sized family farms. Wickford was a thriving seaport that rivaled Newport. In the 19th century, the textile industry took advantage of North Kingstown's rivers and streams. Mill villages sprung up around the Hunt, Annaquatucket, and Pettaquamscutt

River systems. These include Lafayette, Hamilton, Belleville, Davisville, Annaquatucket, Shady Lea and Silver Springs. Rail and trolley lines further propelled North Kingstown's industry.

By the 20th century, the textile industry began fading with most mills closing in the 1930s.



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The next chapter of North Kingstown's economic growth came with the construction of the Quonset/ Davisville military complex in 1938, with the Quonset Point Naval Air Station and Navy Construction Battalion Center at Davisville established in 1941 - 1942. Between the 1930s and 1950s, summer resort communities sprouted up in Saunderstown, Mount View, Shore Acres, Plum Beach, and Barber Heights. By mid-century, North Kingstown had shifted to a mainly residential community.



In 1974, the Quonset Point Naval Air Station was decommissioned and 20 years later, the Navy Construction Battalion Center closed. Following a steep climb in population that peaked in 1970, there was a sharp drop over the next decade of almost 10,000 people. In 2005, the Quonset Development Corporation was created and has built up the former naval base as a modern industrial park that today employs over 12,000 people.

Description of Government

The Town operates under a home rule charter, adopted in 1954, and subsequently amended, providing for a Town Council/Town Manager form of government, with a five-member Town Council led by a Council President. All legislative powers of the Town are vested in the Town Council by the Charter, which includes the adoption of the Town's annual budgets, the ordering of any tax, and enacting the necessary ordinances and resolutions for the preservation of public space, health, safety, comfort and welfare of the residents of the community.

The Town Manager is appointed by a majority vote of the Town Council for an indefinite term solely based on his or her executive and administrative qualifications. The Town Manager is the chief executive officer and head of the administrative branch of government. The Charter grants the Town Manager the authority to appoint or remove all officers or employees of the Town, except the Town Solicitor, Municipal Judges and School Department employees.

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

Municipal services include public safety; potable water and wastewater collection, treatment and distribution; solid waste, recyclables collection and disposal; street and sidewalk maintenance; beach, harbor, recreation, planning, zoning and economic development; code enforcement, municipal and probate court functions.



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Economic Condition and Outlook

North Kingstown was rated Aa2+ by Moody's Investors Services and AA+ by S&P Global Rating Services in June of 2019 related to Phase I of the voter approved \$27.0 million bond offering for Town and School improvements.

Items noted in the ratings were "strong management" with "good financial policies and practices", "very strong economy", "robust and growing tax base", "strong local resident wealth profile", and "manageable long-term profile".

Quoting from the Moody's Investors Services report "North Kingstown's tax base will continue to expand giving appreciating home values and modest forthcoming industrial and commercial development. The town's sizable \$4.7 billion 2019 value has grown at a five-year average annual rate of 4.8%." "Local resident wealth and income levels are above average, as median family income is 128% and 150% of the state and nation, respectively. Full value per capita of \$180,047 compares favorable to the state and nation at \$126,327 and \$88,913 respectively."

Unemployment rates moved downward. North Kingstown's unemployment rate of 2.7% is favorable compared to state and nation at 3.6% and 4.4% respectively.

A study from Bryant University shows businesses at the Quonset Business Park (QBP) have pumped \$4.3 billion (\$1.3 in just 2018) into the Rhode Island and North Kingstown economy. The 200 plus businesses located in the park account for 17% of all manufacturing jobs in the State of Rhode Island.

Taylor Farms, a leading producer of fresh foods established a new 107,000 sq. ft facility that created 250 new jobs in 2019.

New multibillion Navy contracts for QBP tenant Electric Boat and its parent company General Dynamics, will lead to expansion of facilities and new jobs. In 2019 the Port of Davisville, located within the QBP, set a record for auto imports at over 250,000. NORAD, a QBP company, oversees the processing and distribution of hundreds of thousand automobiles annually.

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Major Initiatives

For the Year

- Completed Recertification of Community Rating System to reduce flood insurance cost
- North Kingstown Comprehensive Plan update completed
- Creation of Post Road Facade Program
- Computer security update and moved data backup to offsite location
- Completed school security improvements and upgrades
- Passed \$27 million bond initiative for town and school improvements.
- Started Phase I of \$13.5 million school improvement program
 - \$3 million school turf project
- Fleet Replacement: 4 Police, 7 DPW, 3 Fire
- Paid Cash for ladder truck resulting in \$83,000 discount
- Receipt of \$268,000 FEMA grant to replace breathing apparatus for Fire Dept.
- Recreation Improvements
 - Replaced Golf Cart Fleet
 - Repaired and reopened Driving Range
 - Expanded Recreation Programming



For the Future

- Continue efforts for the improvements and redevelopment of Post Road
 - Expand the façade improvement program
- Wickford Elementary Redevelopment Project
- Town Hall renovation project
- Landfill closure and possible solar farm
- Develop long term plan related to community park and recreation facilities
 - Community Center
 - Town Beach
- Improvements to Municipal Offices Complex
 - Parking lot improvements
 - Enhancement of security and signage
- Continue efforts to improve transparency and citizen engagement

Long-Term Financial Planning

- Upgrades to Public Safety Facilities
- Recreation Facilities
- School Improvements
- Roads & Bridges
- Impact of Climate Change
- Technology & Cyber Security



Town of North Kingstown, Rhode Island

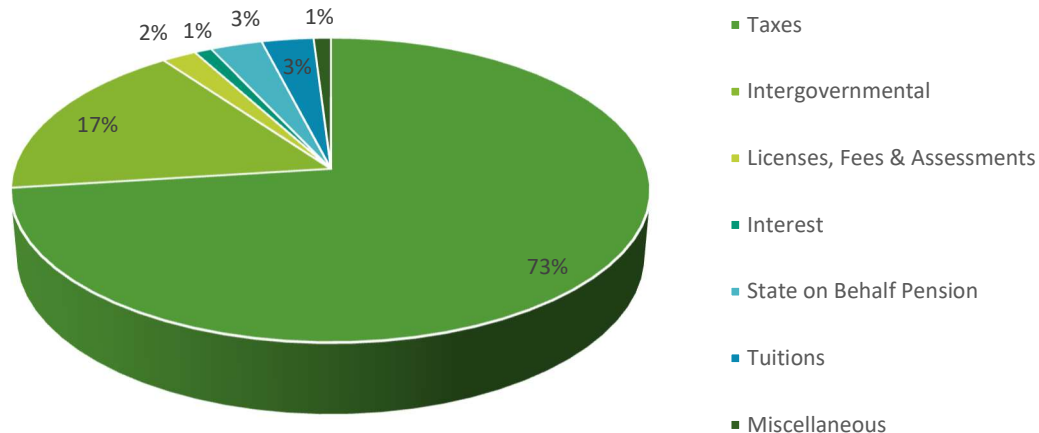
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Where the Money Comes From



Revenue	2019	Percentage	2018	Percentage
Taxes	\$ 83,821,811	73%	\$ 80,267,297	74%
Intergovernmental	\$ 19,948,648	17%	\$ 19,616,540	18%
Licenses, Fees & Assessments	\$ 2,793,526	2%	\$ 2,483,340	2%
Interest	\$ 360,367	1%	\$ 284,761	0%
State on Behalf Pension	\$ 3,041,562	3%	\$ 3,029,109	3%
Tuitions	\$ 3,110,935	3%	\$ 2,744,336	2%
Miscellaneous	\$ 1,150,135	1%	\$ 691,228	1%
	\$ 114,226,984	100%	\$ 109,116,611	100%

2019 Revenues - Governmental Funds



Taxes	2019	2018
Current Taxes: Real Estate	\$ 74,331,475	\$ 71,082,885
Current Year Taxes: MV & PP	\$ 7,251,944	\$ 6,975,874
Prior Year Taxes	\$ 1,772,121	\$ 1,797,234
Late Fees	\$ 466,271	\$ 411,304
	\$ 83,821,811	\$ 80,267,297

Aggressive collection efforts increased current year tax collections to 98.3 %. Licenses, fees & assessments grew as a result of growth in Police Detail fees.

The tax rate for FY 2019 was 19.09. This is an increase from the FY 2018 rate of 18.59.

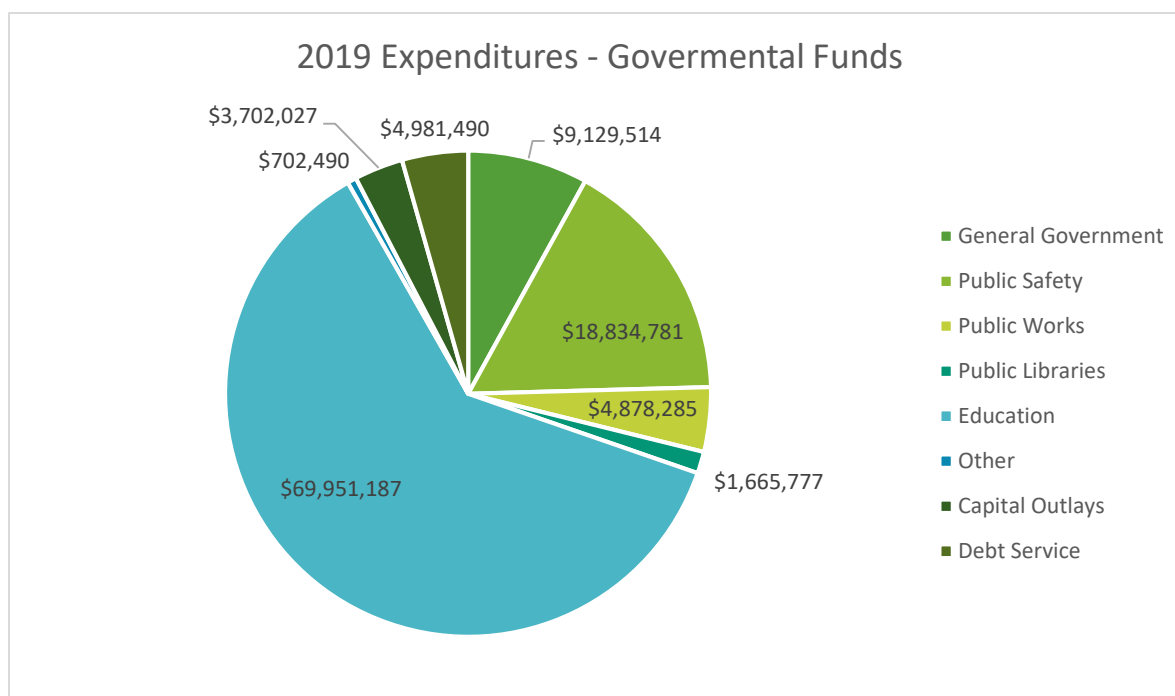
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Where the Money Goes

Expenditures	2019	Percentage	2018	Percentage
General Government	\$9,129,514	8%	\$9,092,808	8%
Public Safety	\$18,834,781	17%	\$17,023,231	16%
Public Works	\$4,878,285	4%	\$4,841,652	4%
Public Libraries	\$1,665,777	1%	\$1,644,619	2%
Education	\$69,951,187	62%	\$65,799,079	61%
Other	\$702,490	1%	\$716,229	1%
Capital Outlays	\$3,702,027	3%	\$3,547,745	3%
Debt Service	\$4,981,490	4%	\$5,120,540	5%
	\$113,845,551	100%	\$107,787,921	100%



Other Operations of the Town include Recreation, Marina, Golf Course, Water, Wastewater, Ambulance Services, and Municipal Court. These activities are classified as either enterprise funds or special revenue funds. Financial information for these activities are included in the Town's Comprehensive Annual Financial Report.



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North Kingstown School Department

North Kingstown School Department	2019	2018
Administration	\$ 4,924,245	\$ 4,909,951
Instruction	\$37,909,429	\$37,030,394
Special Education	\$15,757,589	\$15,548,636
Facility Operation & Maintenance	\$ 5,202,381	\$ 4,807,775
Transportation	\$ 2,858,982	\$ 2,791,799
Technology	\$ 1,187,384	\$ 1,332,060
Benefits	\$14,579,214	\$14,506,754
Athletics & Extra Curriculum	\$ 818,434	\$ 750,653
Capital	\$ 1,260,558	\$ 1,748,771
Out of District Tuitions	\$ 4,441,582	\$ 4,467,917

School Committee

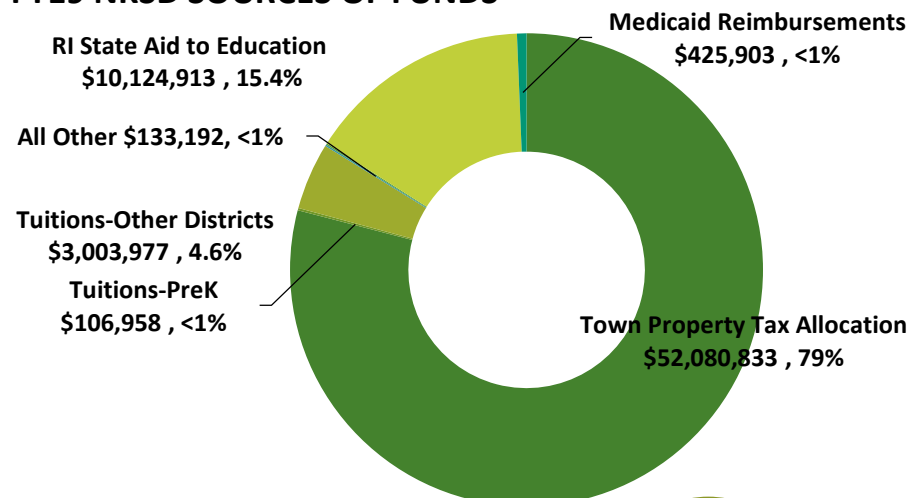
Gregory Blasbalg
Robert Jones
Lisa Hildebrand
Jennifer Hoskins
Jake Mather
Sally Schott

The District operates 5 elementary schools, 2 middle schools, 1 high school and 1 academy for clinical day programming for K-12 students with behavioral and/or social emotional challenges.

The major source of funding is local property taxes and RI State funding for education. An additional source of funding that is a boost to the Town of North Kingstown, is from "Tuitions from other Districts", which represents students from

neighboring Jamestown, RI, (Jamestown does not maintain a high school), as well as students from other Rhode Island communities that attend our Career Technical (CTE) Programs in Finance, Engineering, Information Technology and Music.

FY19 NKSD SOURCES OF FUNDS



	North Kingstown	State of RI
Graduation Rate 2017-18	89%	84%
2019 RICAS ELA Proficiency	60%	39
2019 RICAS Math Proficiency	51%	30%
2019 SAT ELA meet or exceed	82%	51%
2019 SAT Match meet or exceed	62%	31%
Free or Reduced Lunch	22%	45%



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Summary of Capital Assets

Capital Assets are defined as Property & Equipment owned by the Town of North Kingstown, purchased by departments as needed. The summaries below are the total dollar amounts held by the Town of North Kingstown, net of depreciation, as of June 30, 2019

Governmental Activities: Capital Assets

	2019	2018
Land	\$ 9,017,218	\$ 6,957,567
Land Improvements	\$ 94,169	\$ 62,447
Development Rights	\$ 17,495,465	\$ 18,981,465
Buildings	\$ 43,055,082	\$ 44,345,385
Equipment	\$ 6,101,291	\$ 4,182,209
Infrastructure	\$ 14,955,024	\$ 15,380,471
Construction in Progress	\$ 859,600	\$ 383,058
	<hr/>	<hr/>
	\$ 91,577,849	\$ 90,292,602

- Land & Land Improvements include the total amount of land purchased and owned by the Town
- Development Rights are the rights to use real property, such as farmland or open space, in ways that differ from the current use
- Buildings, Equipment, & Vehicles includes the cost of buildings purchased or constructed and all machinery, office furniture and equipment, and vehicles
- Infrastructure includes the cost of all roads, bridges, drainage systems, and water and sewer systems
- Construction in Progress includes construction or projects not yet complete or not yet ready to be put into operations as of June 30

Business-Type Activities: Capital Assets

	2019	2018
Land	\$ 942,289	\$ 942,289
Buildings	\$ 17,708,237	\$ 17,705,720
Furniture & Equipment	\$ 624,579	\$ 478,798
Vehicles & Golf Carts	\$ 237,145	\$ 316,407
Construction in Progress	\$ 5,690,488	\$ 5,775,088
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	\$ 25,202,738	\$ 25,218,302

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Financial Position Statement

The Financial Position known as the “Balance Sheet” in accounting terms, provides a picture of the Town of North Kingstown’s financial position at the end of the fiscal year.

Town of North Kingstown: Financial Position Statement

	2019	2018
<u>Financial Benefits</u>		
Cash	\$ 32,098,184	\$ 30,588,835
Taxes Receivable	\$ 2,568,576	\$ 3,059,509
Accounts Receivable	\$ 3,853,759	\$ 4,689,079
Prepaid & Other	\$ 1,282,319	\$ 1,118,445
Assessment Receivable	\$ 6,309,349	\$ 7,345,624
Capital Assets	\$ 116,780,587	\$ 119,165,750
Total Financial Benefits	\$ 162,892,774	\$ 165,967,242
 Deferred Charges	 \$ 29,830,977	 \$ 32,541,659
 <u>Financial Burdens</u>		
Accounts Payable	\$ 4,257,131	\$ 5,530,846
Compensated Absences	\$ 3,027,336	\$ 2,390,039
Other	\$ 1,143,753	\$ 1,771,359
Bonds & Notes	\$ 45,152,344	\$ 47,458,684
Lease Obligations	\$ 919,074	\$ 811,287
Pollution Remediation	\$ 1,800,000	\$ 1,700,000
Pension Liability	\$ 100,630,445	\$ 99,546,720
OPEB Liability	\$ 20,665,575	\$ 26,588,314
Deferred Expenses	\$ 29,458,125	\$ 23,093,214
Total Financial Burdens	\$ 207,053,783	\$ 208,890,463

Glossary of Terms:

Accounts Receivable represent amounts owed to the Town that are expected to be collected in the next 12 months

Assessments Receivable represents amounts owned in connection with sewer system.

Compensated Absences represent the unused value of accumulated vacation and sick time of employees

Pollution Remediation is estimated cost to address environment issues with closed landfills.

OPEB Liability is the present value of future benefits (primarily health care) for present and retired employees

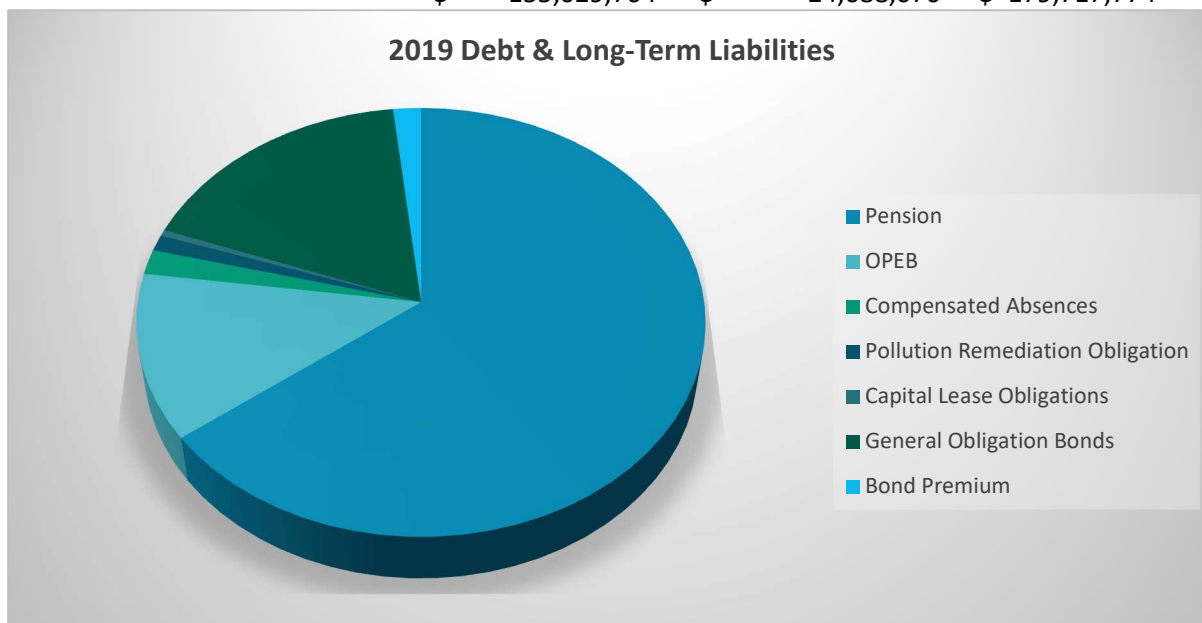
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Debt and Other Long-Term Liabilities

2019	General Fund	Enterprise Fund	Total
Pension	\$ 97,057,315	\$ 3,573,130	\$ 100,630,445
OPEB	\$ 18,681,511	\$ 1,984,064	\$ 20,665,575
Compensated Absences	\$ 2,794,295	\$ 233,041	\$ 3,027,336
Pollution Remediation Obligation	\$ 1,800,000	\$ -	\$ 1,800,000
Capital Lease Obligations	\$ 710,277	\$ 208,797	\$ 919,074
General Obligation Bonds	\$ 26,355,000	\$ 16,115,230	\$ 42,470,230
Bond Premiums	\$ 2,608,394	\$ 73,720	\$ 2,682,114
	\$ 150,006,792	\$ 22,187,982	\$ 172,194,774

2018	General Fund	Enterprise Fund	Total
Pension	\$ 93,913,634	\$ 5,633,086	\$ 99,546,720
OPEB	\$ 25,093,095	\$ 1,495,219	\$ 26,588,314
Compensated Absences	\$ 2,177,943	\$ 212,096	\$ 2,390,039
Pollution Remediation Obligation	\$ 1,700,000	\$ -	\$ 1,700,000
Capital Lease Obligations	\$ 538,162	\$ 273,125	\$ 811,287
General Obligation Bonds	\$ 29,121,140	\$ 16,995,854	\$ 46,116,994
Bond Premiums	\$ 2,485,730	\$ 78,690	\$ 2,564,420
	\$ 155,029,704	\$ 24,688,070	\$ 179,717,774



The Town received a bond rating by Mood's Investors Services of Aa2 and from S&P Global Rating Service of AA+ in June of 2019.

North Kingstown authorized \$27 million of debt for Town and School improvements. \$7.8 million was issued in July 2019.

The Town has \$17.8 million of authority but unissued debt related to sewers, septic and wastewater.

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Miscellaneous Information & Statistics

North Kingstown's date of incorporation	1674
Area of Town	
Latitude	N 41 34' 50"
Longitude	W 71 27' 14"
Area	58.3 sq. miles
Elevation	37 ft. above sea level
Roads, Water & Sewer	
Miles of Streets (not including State Roads)	153
Number of Street Lights	2,510
Miles of Water Mains	181
Number of Water Towers	5
Number of Fire Hydrants	1,089
Miles of Sanitary Sewers	4.4
Number of Storm Drains	2,603
Town Employees	
Town Employees (FTE)	179
School Employees (FTE)	599
Employees that are town residents	32%
Employees with more than 15 years of service	35%
Elections	
Number of registered voters	21,613
Percentage of Voters in Last State/Municipal Election (2018)	61%
Percentage of Voters in Last Presidential Election (2016)	71%

Key Contacts



Town Manager	401 268-1588
Town Clerk	401 268-1552
Police (non emergency)	401 294-3316
Fire/Rescue (non emergency)	401 294-3346
Building Department	401 268-1581
Senior Center/Human Services	401 268-1593
Recreation	401 268-1540
Animal Control	401 295-5579
Transfer Station	401 295-4766
Tax Collection	401 268-1514
School Department	401 268-6200