



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2020



What is a PAFR?

A Popular Annual Financial Report is a document designed to increase transparency and awareness of the Town's government through user friendly financial reporting. The PAFR includes financial and other information that is presented in the Town of North Kingstown's Comprehensive Annual Financial Report (CAFR) and Annual Budget document.

Because the PAFR is a summary document, it does not comply with the requirement of Generally Accepted Accounting Principles (GAAP).

Residents who prefer to review a report that is GAAP compliant may review the audited CAFR document on the Town's website





What's inside the PAFR?

All About North Kingstown	3
North Kingstown's Financial Results	4
Where the Money Comes From and Where it Goes	5
Enterprise Funds	6
Capital and Debt	7
Our Schools	8

Town Council and the Town of North Kingstown Community:

I am pleased to present the North Kingstown Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. This is the second year of the Town presenting this document and is part of our commitment to transparency and improving citizen engagement.

Fiscal year 2020 presented many challenges, however we were able to finish the year with a surplus, increasing our fund balance while addressing many of the capital and infrastructure needs. The Town's General Government Fund had a surplus of \$2,131,510. The School Department Operation Fund had a surplus of \$1,826,037.

Fund balance for total governmental funds increased to \$28,445,922. This is comprised of General Government Fund \$15,606,118, School Department \$4,477,107, Debt Service Fund \$1,050,158 and non major governmental funds of \$7,312,609. General Government Unassigned portion of fund balance was \$14,041,029.

Using a portion of the \$27 million bond passed by the voters in 2018, the School Department embarked on numerous improvements to multiple schools highlighted by the installation of the High School Athletic Turn Field and completion of the surrounding track.

Using the same bond, the Town completed the reconstruction of the Wilson Park Field and various public safety and government facilities. We are currently in the process of a new playground facility at Wilson Park, numerous improvements to our parks and playgrounds, renovation of our Historic Town Hall and an ambitious town-wide repaving program, just to name a few.

I look forward to the continuation of this progress as we begin renovation of our Town Beach Campus and waterfront Municipal Parking lot in 2021.

A. Ralph Mollis,
Town Manager
rmollis@northkingstown.org



2018 – 2020 Town Council



Richard Welch, Stacey Elliot, President Gregory Mancini, Mary Brimer, and Kerry McKay

2020-2022 Town Council



Left to Right: Council President Gregory Mancini, , Dr. Kimberly Ann Page, Kerry McKay, Mary Brimer, Katherine Anderson

North Kingstown's history can be traced back to the 1630's when Roger Williams established a temporary trading post near Cocumscussoc along the major thoroughfares of the Narragansett People. In 1674, Kings Towne was founded by the colonial government and included the present-day towns of North Kingstown, South Kingstown, Exeter, and Narragansett. As settlement expanded it was divided into North and South Kingstown in 1722.

North Kingstown continues to have an evolving economy. The 19th century saw an expanding textile industry that took advantage of the many rivers and streams. As this industry began to fade, the 20th century economy was driven by the military and the construction and development of the Quonset/Davisville military complex, Quonset Point Naval Air Station, and the Navy Construction Battalion Center. The end of the 20th century saw a new economic driver as the Naval Air Station was decommissioned. The Quonset Development Corporation was created at the site, and now employs over 12,000 people and is the home of over 200 businesses.

FORM 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 headed by a Council President. All legislative powers of the Town are vested in the Town Council by Charter including adoption of the Town budget, the ordering of any tax and enacting the necessary ordinances and resolutions for the preservation of peace, health, safety, comfort, and welfare of the residents of the community.



Town of North Kingstown

Net Position
June 30, 2020 (in millions)

	Governmental Activities	Business-Type Activities	Total
Current & other assets	\$ 44.14	\$ 10.38	\$ 54.52
Capital Assets	\$ 97.59	\$ 34.35	\$ 131.94
Total Assets	\$ 141.73	\$ 44.73	\$ 186.46
Deferred Outflows	\$ 21.52	\$ 0.72	\$ 22.24
Current liabilities	\$ 19.10	\$ 2.41	\$ 21.51
Long-term liabilities	\$ 143.61	\$ 20.22	\$ 163.83
Total liabilities	\$ 162.71	\$ 22.63	\$ 185.34
Deferred inflows	\$ 21.97	\$ 10.79	\$ 32.76
Net Position			
Capital Assets, net	\$ 64.22	\$ 9.41	\$ 73.63
Restricted	\$ 3.13	\$ 0.66	\$ 3.79
Unrestricted	\$ (88.76)	\$ 1.94	\$ (86.82)
Total net position	\$ (21.41)	\$ 12.01	\$ (9.40)

Town of North Kingstown

Changes in Net Position
FYE June 30, 2020 (in millions)

REVENUES	Governmental Activities	Business-Type Activities	Total
Charges for Services	\$ 7.84	\$ 9.47	\$ 17.31
Grants & Contributions	\$ 19.73	\$ 0.66	\$ 20.39
General Revenue	\$ 90.15	\$ 0.01	\$ 90.16
Transfers	\$ 0.51	\$ -	\$ 0.51
Total Revenue & Transfers	\$ 118.23	\$ 10.14	\$ 128.37
PROGRAM EXPENSES & TRANSFERS			
Program Expenses	\$ 116.39	\$ 9.44	\$ 125.83
Transfers	\$ -	\$ 0.51	\$ 0.51
Total Expenses & Transfers	\$ 116.39	\$ 9.95	\$ 126.34
Increase in Net Position	\$ 1.84	\$ 0.19	\$ 2.03
Net Position-Beginning	\$ (23.25)	\$ 11.82	\$ (11.43)
Net Position-Ending	\$ (21.41)	\$ 12.01	\$ (9.40)

Net Position

A good measure of the Town's overall health is the change in position over time, which indicates if the government has sufficient financial capacity to cover all of its financial obligations.

Across all funds, the Town's net position increased by \$2,028,096 or 17.74% , from FY 2019 to FY 2020.

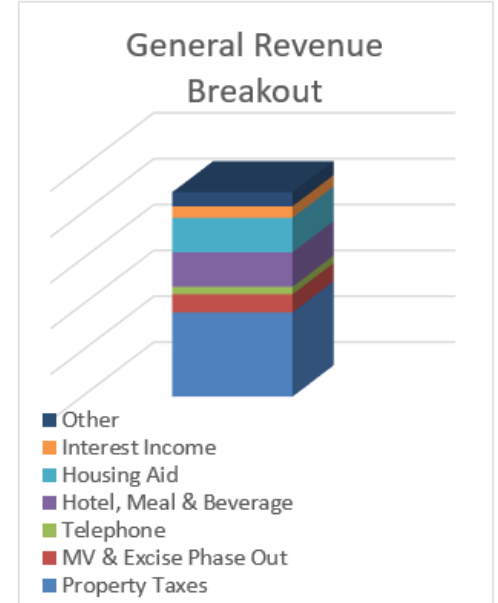
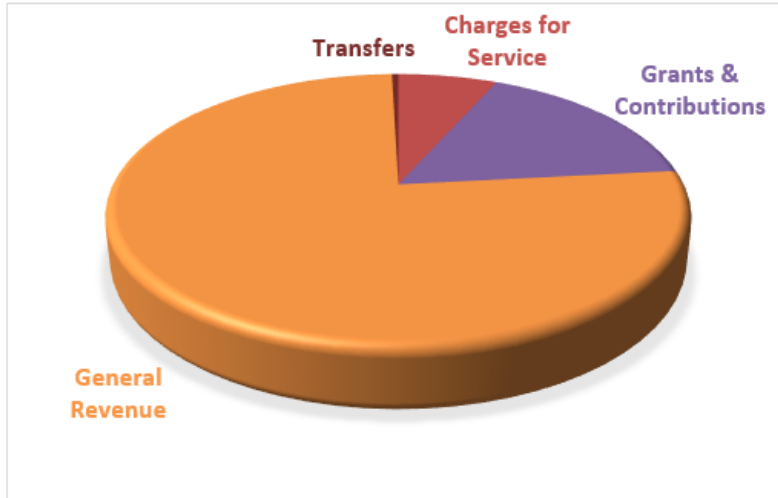
The Town's net investment in capital assets was \$73.63 million as of June 30, 2020. This decrease of \$1.77 million from June 30, 2019 was attributed to depreciation.

FY 2020 Budget Highlights

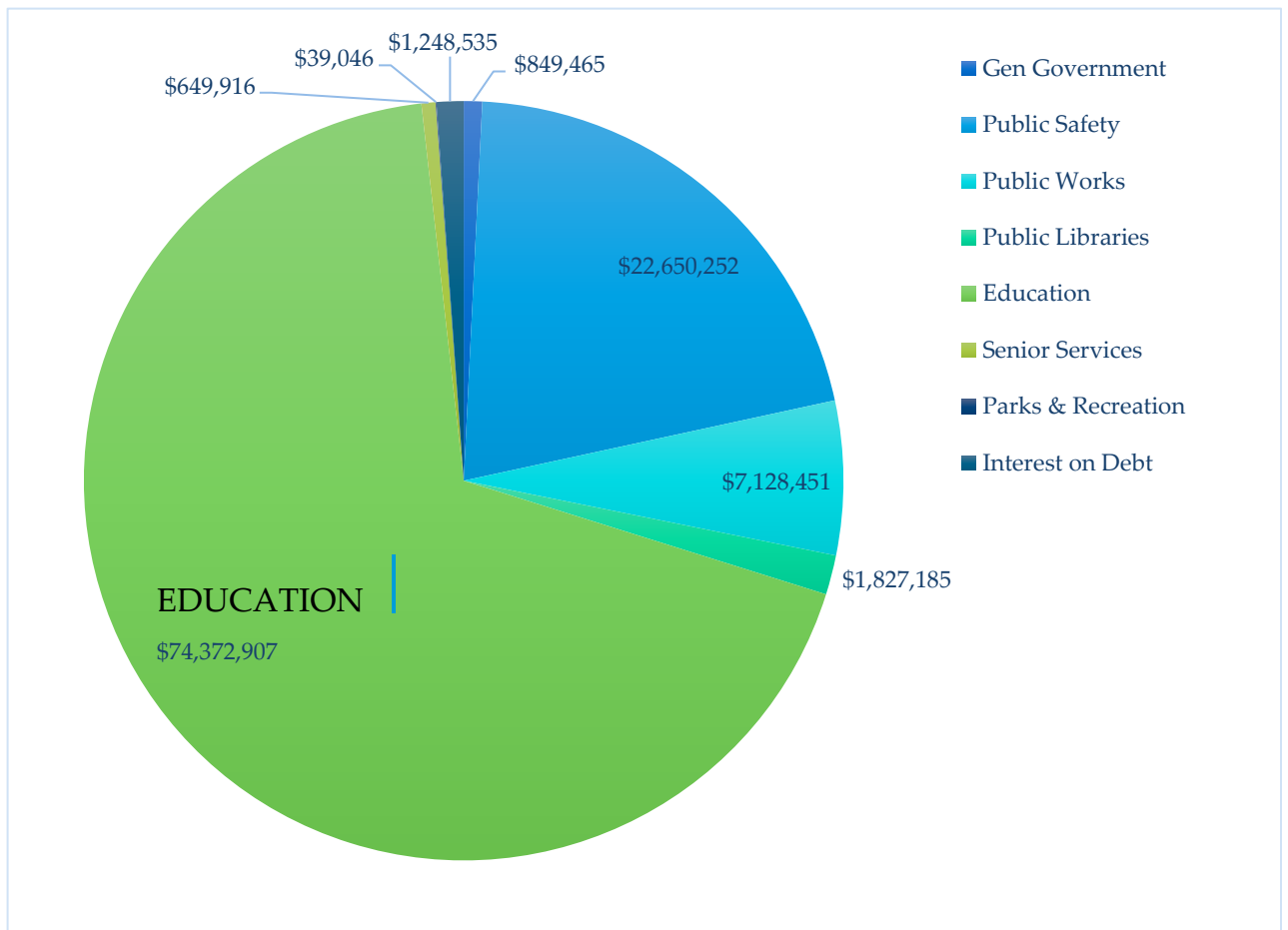
- Fund Balance increased \$5.9 million to \$28,445,992
- Town Fund Balance of \$15.6 million includes \$11.6 million as unassigned
- School Fund Balance is \$4.5 million



Where the Money Comes From



Where the Money Goes



Enterprise Funds

Enterprise funds are segregated from the rest of the government's finances. The money that comes in isn't a source for general revenue but provides funding for future enterprise activities.

Enterprise funds can be financed by debt that will be paid off from future revenues. Others operate on a pay-as-you-go basis, using fees for services or goods to cover the budget. If it is a legal or policy requirement that the fund pay for itself, it has to be identified as an enterprise fund.

The Town's enterprise funds consist of Water, Sewer, Recreation, Quonset Davisville Reserve, Transfer Station, and Municipal Court. Starting in fiscal year 2021, to improve transparency, the Town will divide the Recreation Enterprise Fund into three components, NK Golf, Allen Harbor Marina, and Recreation

	Water	Sewer	Recreation	Quonset Davisville Reserve	Transfer Station	Municipal Court
Revenues						
Charges for Services	\$ 4,011,595	\$ 1,850,668	\$ 2,205,155	\$ -	\$ 646,607	\$ 193,320
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 4,011,595	\$ 1,850,668	\$ 2,205,155	\$ -	\$ 646,607	\$ 193,320
Expenses						
Operations	\$ 2,967,847	\$ 765,635	\$ 1,974,566	\$ -	\$ 623,447	\$ 102,961
Interest	\$ 94,065	\$ 358,385	\$ -	\$ -	\$ -	\$ -
Depreciation	\$ 517,426	\$ 389,515	\$ 531,378	\$ -	\$ -	\$ -
	\$ 3,579,338	\$ 1,513,535	\$ 2,505,944	\$ -	\$ 623,447	\$ 102,961
Operating income (loss)	\$ 432,257	\$ 337,133	\$ (300,789)	\$ -	\$ 23,160	\$ 90,359
Transfers in (out)	\$ (86,180)	\$ (180,210)	\$ (67,715)	\$ -	\$ (83,916)	\$ (90,813)
Change in Net Position	\$ 346,077	\$ 156,923	\$ (368,504)	\$ -	\$ (60,756)	\$ (454)
Net Position - Begin	\$ 13,584,549	\$ (1,267,634)	\$ (718,371)	\$ 28,183	\$ (137,783)	\$ 11,808
Net Position -End	\$ 13,930,626	\$ (1,110,711)	\$ (1,086,875)	\$ 28,183	\$ (198,539)	\$ 11,354

The School Department maintains their own set of enterprise funds.

Net Position June, 30, 2020

Nutrition School Lunch	\$ 330,703
Computer Repair/Maint Program	\$ 38,787
Athletic Gate Reciepts	\$ 20,895
Athletic Activities Sports Camp	\$ 36,020
Music, Choir & Orchestra	\$ 15,475

North Kingstown Debt

Outstanding Debt (millions)

General Fund	2020	2019	2018
• Municipal	\$19.35	\$21.79	\$20.38
• School	\$10.88	\$11.61	\$ 9.43
Enterprise			
• Water	\$ 2.85	\$ 2.66	\$ 2.84
• Sewer	\$13.07	\$13.45	\$14.16

Debt Authorized but not Issued

General Fund	
• Municipal	\$ 9,365,000
• School	\$ 5,327,000
Enterprise	
• Water	\$ 700,000 (CSSL)
• Sewer	\$17,100,000

CSSL is the RI Community Septic System Loan Program

Future Debt Service

General Fund	2021	2022	2023	2024	2025	2026	2027	2028	2029+
• Municipal	3,205,770	2,916,340	2,815,699	2,707,409	2,566,178	2,463,635	1,328,547	1,297,369	4,080,079
• School	1,352,650	1,332,750	1,311,850	1,280,700	1,265,700	1,242,950	1,222,700	681,200	4,148,200
Enterprise									
• Water	279,541	279,662	279,638	279,223	279,164	278,690	278,810	278,305	831,530
• Sewer	1,095,933	1,095,878	1,099,699	1,099,344	1,103,905	1,101,259	1,105,565	1,108,484	7,474,699

Debt Ratios (Governmental Funds)	2020	2019	2018
Debt per Assessed Value	1.23%	1.11%	1.13%
Debt as % of Personal Income	4.18%	3.95%	4.01%
Debt per Capita	\$1,887	\$1,737	\$1,762

Limits on Debt

Under Rhode Island State law the Town may not, without special statutory authorization of ministerial approval by the Auditor General of the State, incur any debt which would increase it's aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the full assessed value of the taxable property within the Town.

The Town's debt limit was \$148,983,077 based on net assessed valuation of \$4,966,102,555 as of December 31, 2019.

North Kingstown's Bond Rating

The Town of North Kingstown is rated by S&P and Moody's current ratings are Aa2 and AA+ respectively.

North Kingstown School Department
Unrestricted Fund FYE June 30, 2020

Revenues

State Aid	\$ 10,033,737
Medicare	\$ 566,207
Tuition	\$ 3,816,770
Other	\$ 191,538
	<u>\$ 14,608,252</u>

Expenditures

Salaries	\$ 38,355,048
Benefits	\$ 14,726,259
Professional Services	\$ 10,484,630
Supplies & Materials	\$ 1,902,748
Capital Outlay	\$ 1,320,409
Debt Services	\$ 149,988
	<u>\$ 66,939,082</u>

Other Financing Sources

Transfer from Town	\$ 53,810,743
Transfers, net	\$ 346,124
	<u>\$ 54,156,867</u>

Surplus of Revenues and Other Financing Sources Over Expenditures \$ 1,826,037

School Department Fund Balance at June 30, 2020: \$4,477,107

Fiscal Year	Expenses	ADM Enrollment	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio	Student Attendance Percentage	Free & Reduced Lunch
2020	\$ 70,208,322	3780	\$ 18,574	0.92%	1:13	95.50%	20.0%
2019	\$ 70,180,271	3,938	\$ 17,821	0.92%	1:13	97.6%	22.0%
2018	\$ 68,716,343	3,891	\$ 17,659	9.27%	1:13	95.2%	20.7%

