

\$33,000,000 General Obligation Bonds

NEW ISSUE Rating: Moody's Investor Services, Inc. - "Aaa"

(Financial Guaranty Insured)

In the opinion of Bond Counsel, under existing law, interest on the \$33,000,000 General Obligation Bonds (the "Bonds") will be exempt from Rhode Island income taxes, although the Bonds and the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes, and, assuming continued compliance by the Town with the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds will be excluded from gross income for federal income tax purposes, and will not be an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, although interest on the Bonds will be taken into account in computing certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "Tax Exemption" and "Appendix C" herein.

OFFICIAL STATEMENT

of the

Town of North Kingstown, Rhode Island

Relating to

\$33,000,000 General Obligation Bonds

Dated: December 1, 1999 Due: October 1, 2001 – 2025, inclusive

The Bonds are issuable only as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds, as more fully described in the front inside cover hereof. The Bonds will be dated December 1, 1999. Interest on the Bonds will be payable on April 1, 2000 and semiannually thereafter on April 1 and October 1 of each year at the rates shown in the maturity schedule below. Principal of the Bonds will be paid on October 1 of each year as shown in the maturity schedule below. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Only System" herein).

Principal and interest on the Bonds will be paid at the offices of State Street Bank and Trust Company, Corporate Trust Department, Boston, Massachusetts as Paying Agent (the "Paying Agent") to DTC. So long as DTC, or its nominee Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Disbursement of such payments to Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. **Interest on both the Bonds is computed on the basis of a 30-day month and a 360-day year.**

\$27,720,000 Serial Bonds

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Maturity</u> <u>October 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>
2001	\$1,320,000	5.25%	4.15%	2012	\$1,320,000	5.625%	5.30%
2002	1,320,000	5.25	4.30	2013	1,320,000	5.625	5.40
2003	1,320,000	5.25	4.45	2014	1,320,000	5.50	5.50
2004	1,320,000	5.25	4.55	2015	1,320,000	5.60	5.60
2005	1,320,000	5.25	4.65	2016	1,320,000	5.60	5.65
2006	1,320,000	5.25	4.75	2017	1,320,000	5.625	5.70
2007	1,320,000	5.25	4.85	2018	1,320,000	5.70	5.75
2008	1,320,000	5.25	4.95	2019	1,320,000	5.75	5.80
2009	1,320,000	5.25	5.00	2020	1,320,000	5.80	5.85
2010	1,320,000	5.50	5.10	2021	1,320,000	5.80	5.875
2011	1,320,000	5.50	5.20				

\$5,280,000 5.875% Term Bonds due October 1, 2025 to Yield 6.000%

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

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

The Bonds are offered for delivery when, as, and if issued, subject to the final approving opinion of Taft & McSally, Bond Counsel, of Cranston, Rhode Island, and to certain other conditions referred to herein. It is expected that the Bonds, in definitive form, will be available for delivery to DTC in New York, New York, on or about December 15, 1999.

Underwriter

Official Statement Dated: December 1, 1999

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

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The Bonds will not be listed on any stock or other securities exchange. Any

registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy of the Official Statement or, except for the Town, approved the Bonds for sale. Any representation to the contrary may be a criminal offense.

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

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

The information related to Financial Guaranty Insurance Corporation ("FGIC" or the "Bond Insurer") and the policy contained in this Official Statement have been furnished by the Bond Insurer (see "THE BONDS³/₄ Bond Insurance" and "Appendix D³/₄ FGIC Insurance Policy" herein). No representation is made by the City as to the adequacy or accuracy of such information. The City has not made any independent investigation of the Bond Insurer or the policy.

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

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

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OFFICIAL STATEMENT

of the TOWN OF NORTH KINGSTOWN, RHODE ISLAND

Relating to**\$33,000,000 General Obligation Bonds**

This Official Statement provides certain information concerning the Town of North Kingstown, Rhode Island (the "Town" or "North Kingstown") in connection with the issuance by the Town of its \$33,000,000 General Obligation Bonds (the "Bonds") dated December 1, 1999.

THE BONDS**Description of the Bonds**

The Bonds will be dated December 1, 1999. Principal of the Bonds will be payable on October 1, as shown below. Interest on the Bonds will be payable on April 1, 2000 and semiannually thereafter on April 1 and October 1 of each year. **Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.**

Maturity	Principal	CUSIP		Maturity	Principal	CUSIP
<u>October 1,</u>	<u>Amount</u>	<u>Number</u>		<u>October 1,</u>	<u>Amount</u>	<u>Number</u>
2001	\$ 1,320,000	660325 PS4		2012	\$1,320,000	660325 QD6
2002	1,320,000	660325 PT2		2013	1,320,000	660325 QE4
2003	1,320,000	660325 PU9		2014	1,320,000	660325 QF1
2004	1,320,000	660325 PV7		2015	1,320,000	660325 QG9
2005	1,320,000	660325 PW5		2016	1,320,000	660325 QH7
2006	1,320,000	660325 PX3		2017	1,320,000	660325 QJ3
2007	1,320,000	660325 PY1		2018	1,320,000	660325 QK0
2008	1,320,000	660325 PZ8		2019	1,320,000	660325 QL8
2009	1,320,000	660325 QA2		2020	1,320,000	660325 QM6
2010	1,320,000	660325 QB0		2021	1,320,000	660325 QN4
2011	1,320,000	660325 QC8				

\$5,280,000 Term Bonds due October 1, 2025 CUSIP No. 660325 QS3

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Only System" herein.)

Principal of and interest on the Bonds will be paid at the offices of State Street Bank and Trust Company, Corporate Trust Department, Boston, Massachusetts, as Paying Agent to DTC. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

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

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Record Date

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

Authorization and Purpose

The Bonds are authorized pursuant Chapter 18 of the Public Laws of 1998, a vote of the electors of the Town and an ordinance passed by the Town Council on November 8, 1999 to finance the construction of a new high school.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency"

registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on

DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Neither DTC nor Cede & Co. will consent or vote with respect to securities. Under its usual procedures DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC management is aware that some computer applications, systems, and the like for processing data ("Systems") that are dependent upon calendar dates, including dates before, on, and after January 1, 2000, may encounter "Year 2000 problems." DTC has informed its Participants and other members of the financial community (the "Industry") that it has developed and is implementing a program so that its Systems, as the same relate to the timely payment of distributions (including principal and income payments) to securityholders, book-entry deliveries, and settlement of trades within DTC ("DTC Services"), continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames.

However, DTC's ability to perform properly its services is also dependent upon other parties, including but not limited to issuers and their agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunications and electrical utility service providers, among others. DTC has informed the Industry that it is contacting (and will continue to contact) third party vendors from whom DTC acquires services to: (i) impress upon them the importance of such services being Year 2000 compliant; and (ii) determine the extent of their efforts for Year 2000 remediation (and, as appropriate, testing) of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

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

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

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

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Redemption Prior to Maturity

Optional Redemption

The Bonds maturing on or prior to October 1, 2009 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing October 1, 2010 and thereafter shall be subject to redemption prior to their stated dates of maturity, at the option of the Town, on or after October 1, 2009, on any interest payment date, at the respective redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

Redemption Period Redemption Price

October 1, 2009 through September 30, 2010 101.0%

October 1, 2010 through September 30, 2011 100.5%

October 1, 2011 and thereafter 100.0%

Notice of any redemption of Bonds, specifying the numbers and other designations of Bonds to be redeemed, shall be given not more than 60 days nor less than 30 days prior to the date set for redemption by mailing a copy of such notice to DTC or its nominees and by publishing a copy of said notice at least 15 days prior to the date of redemption in a daily newspaper of general circulation in the State of Rhode Island, and in a nationally distributed financial newspaper devoted primarily to financial or investment information.

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

Mandatory Sinking Fund Redemption

The Bonds maturing on October 1, 2025 are subject to mandatory redemption from sinking fund installments prior to maturity by lot or in any customary manner of selection on October 1 on each of the following dates and in the following principal amounts, at a redemption price of 100% of the principal amount of the Bonds so called for redemption, plus interest accrued to the redemption date:

<u>Date</u>	<u>Amount</u>
2022	\$1,320,000
2023	\$1,320,000
2024	\$1,320,000
2025*	\$1,320,000

*Final Maturity

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Security for the Bonds

In the opinion of Bond Counsel, the Bonds will be valid general obligations of the Town, for the payment of which the full faith and credit of the Town are pledged (See Appendix C—"Proposed Form of Legal Opinion for the Bonds"). The Rhode Island General Laws provide that the Town shall annually appropriate a sum sufficient to pay the principal and interest coming due within the year on all its general obligation bonds to the extent that monies therefor are not otherwise provided, and that if such sum is not appropriated, it shall nevertheless be added to the annual tax levy. In order to provide such amount, all taxable property in the Town is subject to ad valorem taxation without limitation as to rate or amount.

Claims for Payment Due

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

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

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a

Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Issuer for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

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

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of September 30, 1999, the total capital and surplus of Financial Guaranty was approximately \$1,302,246,029. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

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Year 2000 Readiness Disclosure

Financial Guaranty is aware of the potential disruptive effect of the Year 2000 problem and recognizes that it is possible that an issuer may be unable to make timely payment of debt service due to the Year 2000 problems. Financial Guaranty is surveying selected issuers, trustees and paying agents to assess their Year 2000 readiness. Financial Guaranty believes that it has adequate sources of liquidity to cover any payments occasioned by an issuer's inability to make timely payment of debt service due to Year 2000 problems.

Commencing in early 1998, Financial Guaranty implemented an action plan to make its computer systems and applications Year 2000 ready. As of this time, Year 2000 system remediation and testing is complete for all Financial Guaranty's internal systems and applications. In addition, Financial Guaranty has updated, and will continue to update, its business contingency and disaster recovery plans. Financial Guaranty also will continue to monitor certain third parties throughout 1999 and into the year 2000.

TOWN OF NORTH KINGSTOWN

General

North Kingstown, settled in 1641 and incorporated as a Town in 1674, covers an area of 54 square miles and is a residential suburb approximately 22 miles south of Providence. North Kingstown, with a population of 23,786 as of the 1990 U.S. Census, has a current full value of real and tangible personal property in excess of \$2.0 billion with a budget in excess of \$62,400,000 (i.e. all budgeted funds) for the fiscal year ending June 30, 2000.

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

Government

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

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

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

Public Education

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

The Town has an early childhood center, six elementary schools, two middle schools and one senior high school.

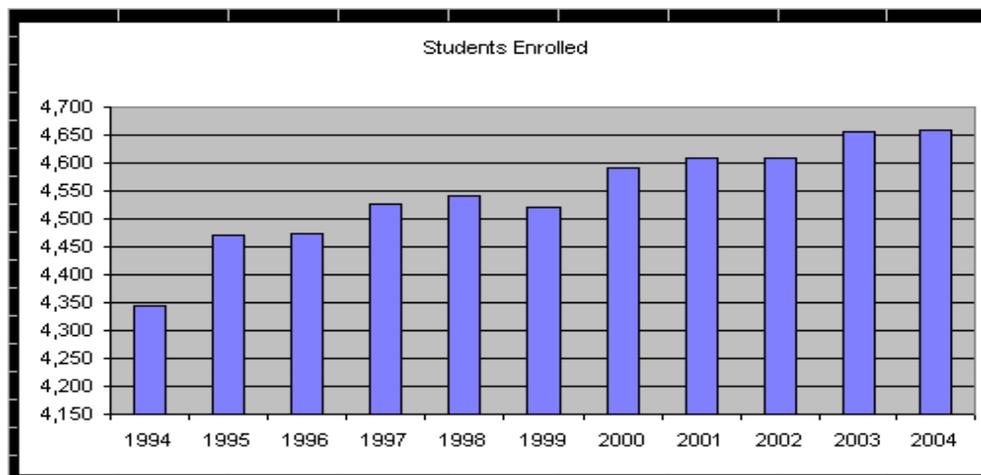
The School Department has 370 professional staff members comprised of 351 teachers and 19 administrators. The average enrollment is 4,572 students in the 1999—2000 school year. There are approximately 13 students per teacher in the system. Historically, more than 75% of the graduating students have attended college.

The total cost of operating the public school system for the 1998—99 school year was \$32,274,662 of which \$9,378,224 comes from the State of Rhode Island, \$23,794,379 from the Town's 1999 appropriation, \$1,417,611 from nonresident tuitions, and \$684,448 from other sources.

Set forth below are actual and projected enrollment data for the years indicated.

	Actual		Projected						
	1996	1997	1998	1999	2000	2001	2002	2003	2004
Kindergarten	341	332	342	313	310	307	305	302	299
Grade 1 & PRE 1	388	358	352	395	320	317	314	321	308
Grade 2	337	369	351	343	400	324	321	325	325
Grade 3	350	348	365	355	344	401	325	326	326
Grade 4	345	339	349	356	360	348	406	411	330
Grade 5	359	348	356	350	360	364	353	357	416
Grade 6	337	350	338	342	350	361	364	365	357
Grade 7	334	344	348	340	346	355	365	370	369

Grade 8	350	323	324	353	344	350	359	363	374
Grade 9	356	388	343	328	349	340	346	342	359
Grade 10	360	370	363	345	336	357	348	357	350
Grade 11	250	282	316	338	357	348	370	383	369
Grade 12	293	287	311	291	337	357	347	347	382
Special Education	74	87	84	73	77	81	85	90	94
Totals	4,474	4,525	4,542	4,522	4,590	4,610	4,608	4,657	4,660



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Government Services

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

Police and Fire Protection

As of July 1, 1999, the North Kingstown Police Department consisted of 58 employees comprised of 50 law enforcement personnel and 8 civilians. The Town expended \$3,451,380 in fiscal 1999, and the Town's budget for fiscal 2000 is \$3,653,122.

As of July 1, 1999, the Fire Department had a force of 73 employees including 1 civilian worker and 72 fire and rescue personnel. The Town expended \$4,734,504 in fiscal 1999, and the Town's budgets for fiscal 2000 is \$4,727,928.

Highway & Public Works

The Town has approximately 150 miles of paved streets maintained by the Public Works Department. In addition to other services, the department maintains Town property and provides snow removal services. The Town operates a trash transfer station, composting facility and recycling program. Refuse collection for the Town is provided by private collectors. The Public Works Department expended \$3,395,859 in fiscal 1999, and the Town's budget for fiscal 2000 is \$4,176,629.

Recreation Department

The Recreation Department provides activities for the Town's youth including field trips that attracted approximately 9,000 youngsters this summer and another 2,000 during the school year. The trips include beaches, roller skating, water slides, theater productions,

movies, Boston and Pawtucket Red Sox games, bowling, batting cages, mini-golf and many other adventures. Other activities include softball, basketball, volleyball, baseball, soccer, in-line hockey, gymnastics, field hockey, golf at our municipal golf course, tennis, swimming lessons at our town beach, wrestling, football, drama, art and arts and crafts. A free lunch program and business is provided for the children attending the summer program at Wilson Park with over 2,000 lunches being served. We offer four major parks in town that provide restrooms, in-ground water, concession stands and multiple playing areas including playgrounds for the younger boys and girls. They are Ryan Park, Wilson Park, Signal Rock Park and McGinn Park. The North Kingstown Arts Council sponsors many shows, performances and concerts throughout the Town. The Town and the Wickford Art Association work together to hold an Annual Art Festival in Historic Wickford each July. The festival this year was voted by the artists as one of the best nationally.

The North Kingstown Municipal golf Course recently completed another successful season generating fees in excess of \$1.3 million dollars and once again averaging over 40,000 rounds making this golf course the busiest golf course in the state. After having completed its first full season in the new clubhouse, the recreation department has set its sights on improving the conditions on the course itself. Paving cart paths, rebuilding tee boxes and sand traps along with improved signage are just some of the projects that are presently being undertaken. Along with the golf course, the recreation department owns and operates a marina located in Allen Harbor. The marina presently consists of approximately 120 slips and moorings. The entire Allen Harbor/Calf Pasture Point complex consists of approximately 250 acres, many still in pristine condition along Narragansett Bay. The recreation and planning departments have set up an ad-hoc committee and hired a consultant to develop a master plan for this complex to guide future development of the facility as it becomes available from the Navy.

Libraries

The North Kingstown Free Library is governed by the Library Board of Trustees which is made up of seven (7) members appointed by the Town Council for a three-year term. The North Kingstown Free Library continues to be the fifth busiest public library in Rhode Island. Over 311,000 items were borrowed in 1998-1999 by 17,402 CLAN (Cooperating Libraries Automated Network) card holders. More than 171,162 visits were made to the library, over 7,150 people attended 334 free programs, 29,716 reference questions were answered and 40 volunteers gave over 1,500 hours of service to the library. There are more than 103,600 books, magazines, videos, CDs and talking books in the collection plus 40 electronic reference sources. There are two other libraries in North Kingstown: the Willet Free Library in Saunterstown and the Davisville Free Library.

Water

The Town of North Kingstown draws its water supply from three aquifers using nine gravel packed wells. Together these wells supply one billion gallons of water per year. On an annual basis, the wells produce three (3) million gallons of water per day (MGD). The tenth, and largest supply well is presently out of service. The historical peak demand day is 8 MGD, which occurred in the summer of 1997. While the Town has not yet experienced any water shortages, at 8 MGD the water system is at maximum capacity. In order to curb this trend the Town initiated odd/even lawn watering restrictions for the summer months. As a result, peak demand for 1998 and 1999 remained below 7 MGD.

All of North Kingstown's 9,040 connections are metered and billed quarterly. Revenue from the sale of water breaks down as: 78% residential; 10% out-of-district sales; 10% industrial/commercial; and 2% public/government. Approximately eight percent of the annual well production is unaccounted for in system maintenance, fire protection and system losses.

The distribution system has 145 miles of water mains and covers approximately 85 % of the area within the geographical boundaries of Town. The system has grown an average of 170 connections per year over the last five years.

The Water Department's operating budget for fiscal year 2000 is \$2,111,640 as compared to \$1,912,617 for fiscal year 1999. In 1997 the Town instituted a revised rate schedule. This schedule provides for annual service and consumption fee increases through 2002. The Water Department operates solely from revenue received for usage and services. The Town Council is the governing body for the Department. The Department is not regulated by the Public Utilities Commission.

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Employee Relations

As of July 1, 1999 the Town had 220 full-time employees exclusive of the School Department. The School Department employs 370 professional employees. In addition, there are 108 substitute teachers and 169 full-time non-professional employees. Set forth below is the current status of union contracts for municipal employees.

Teachers—3 year contract expires August 31, 2000

Firemen—3 year contract expires June 30, 2000

Policemen—3 year contract expires June 30, 2001

School Service Personnel—2 year contract expires June 30, 2001

Public Works/Clerical—3 year contract expires June 30, 2001

School Paraprofessionals—3 year contract expires June 30, 2001

Employee Retirement Plans

See Note 13 to Financial Statements, Appendix B.

ECONOMIC CHARACTERISTICS

Population

North Kingstown ranks thirteenth among the cities and towns in Rhode Island in population, with 23,786 residents according to the 1990 U.S. Census. North Kingstown is the largest of nine communities in Washington County, having approximately 25% of the total county population.

Year Population

1980	21,938
1982	22,664
1984	22,999
1986	24,080
1990	23,786
1994	24,065

Source: 1980 and 1990; U.S. Bureau of the Census. The 1982, 1984 and 1986 population are estimates obtained from the Local Population Estimate Reports, prepared by the U.S. Department of Commerce; 1994 population estimate was obtained from the Population Estimates Branch, U.S. Bureau of the Census, January, 1995 Report.

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Unemployment

The most recent labor market information summary indicates that annualized unemployment for the years indicated and for the

months in 1999 was as shown in the following tables:

	Annualized						
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Town of North Kingstown... ..	7.9%	6.9%	5.6%	5.0%	3.6%	3.8%	3.5%
State of Rhode Island.....	8.9	7.7	7.2	6.6	5.1	5.1	4.9
United States.....	7.4	6.8	6.1	5.6	5.4	4.9	4.5

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>
Town of North Kingstown	4.2%	4.0%	2.7%	2.3%	2.6%	2.8%	2.8%	3.4%
State of Rhode Island	5.3	5.2	3.6	2.8	3.3	3.5	3.7	4.1
United States	4.3	4.4	4.2	4.3	4.2	4.3	4.3	4.2

Source: Department of Labor and Training

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Employment

In 1998, the Town of North Kingstown had 844 private business and industrial firms subject to employment security taxes with yearly payrolls which totaled \$295,806,152 and the average number of persons employed was 9,834 according to the most recent statistics. The following is a listing of the various types of industry in the Town covered by the Department of Employment Security for the calendar year ended December 31, 1998.

	Average # Units	Annual Payroll	Average Employment	% of Total Covered Employees
Agriculture, Forestry & Fisheries	40	\$ 4,804,944	166	1.69%
Construction	86	8,797,689	333	3.39%
Manufacturing	57	138,317,513	3,409	34.66%
Transportation and Public Utilities	38	16,170,792	329	3.35%
Wholesale Trade	93	12,853,803	304	3.09%
Retail Trade	177	41,713,554	2,889	29.38%

Finance, Insurance & Real Estate	57	21,866,548	186	1.89%
Services	296	51,281,309	2,218	22.55%
Totals	844	\$295,806,152	9,834	100.00%

Source: Rhode Island Economic Development Corporation.

Largest Employers

Private Employers

<u>Name</u>	<u>Type of Business</u>	<u># Employees</u>
Electric Boat Corporation	Mfr/Submarine	1,380
Toray Plastics	Mfr/Plastic Products	573
Perspectives, Corp.	Program for Disabled Adults	500
Browne & Sharpe	Mfr/Measuring Products	400
Ocean State Jobbers	Retail Warehouse	200
Wal-Mart	Retail	200
South County Nursing Center	Nursing Home	150
Grinnell Corporation	Automatic Sprinkler & Alarm Detection	150
Custom Design	Jewelry Displays	150
Greggs	Restaurant	150
Sacalabrini Villa	Nursing Home	120
Ames Department Store	Retail	100
North Atlantic Dist.	Storage & Prep of Imported Cars	100
John J. Orr & Sons Inc.	Stevedores, Marine Terminal	100

Public Employers

Town of North Kingstown 800

R.I. Air National Guard 252

Army Aviation Support Facility 58

Source: Rhode Island Economic Development Corporation—November 1, 1998.

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Income Levels

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

Housing and Building Permits

The U.S. Census reported a total of 8,813 housing units in the Town in 1980 and 9,348 housing units in 1990; this represents an increase of 535 new units, or a 6.1 percent increase.

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

Fiscal Permits

<u>Year</u>	<u>Issued</u>	<u>Value</u>
1986	1,405	\$14,886,755
1987	736	21,102,167
1988	658	29,628,924
1989	806	51,203,500
1990	619	23,538,280
1991	609	16,525,840
1992	616	23,487,612
1993	746	20,286,584
1994	989	26,798,787
1995	1,159	20,650,639
1996	1,210	42,966,083
1997	849	34,235,915
1998	1,009	43,046,625
1999	924	24,026,817

Source: Town Building Inspector

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Economic Development and Outlook

Planning

The North Kingstown Planning Commission was established in 1948. A full-time Planning Department assists this and other boards in the growth management of the Town. The Town of North Kingstown adopted a Comprehensive Plan in 1992 that was prepared by a citizens advisory committee under the review of the Planning Commission; the Commission provides recommendations to the Town Council for its implementation. The 1992 Comprehensive Plan is under review by the Planning Commission pursuant to the preparation of an updated Comprehensive Plan.

Zoning and Subdivision Regulation

In May 1998, the town completed the zoning that implements the comprehensive community plan. The ordinance expanded the number of zones in North Kingstown and now includes a five-acre residential zone intended to direct growth into Town villages. The zoning ordinance also provides for business, industrial, public and open space zones. Certain types of uses within these districts are

restricted by soils limitations and groundwater protection overlay regulation. Subdivision regulations first adopted by North Kingstown in 1946 have been amended a number of times more recently to implement the comprehensive plan and respond to new State Enabling legislation.

Growth Management

In support of the North Kingstown Comprehensive Plan, the North Kingstown Town Council adopted in 1999 a Growth Management Program for 1999-2001 and an Action Plan for the Fiscal Year 1999-2000. The intent of the program is to schedule and prioritize growth management activities for the next several years.

The Town Council recognized that following the adoption of the Comprehensive Plan many of the growth management objectives had been achieved. These activities included the adoption of zoning ordinance amendments; subdivision amendments; the acquisition of farmland development rights; the preparation of cost of community services reports and the adoption of wastewater management and revised groundwater protection ordinances. The Town Council also adopted a Water Service Area, which helps recognize the limits of growth in the community.

One component of the Growth Management Program and the Action Plan is the acquisition of farmland development rights. The community electorate expressed their support for this activity in a June, 1998 referendum where \$4.0 million was approved for continued acquisitions. Over three hundred and fifty acres of development rights have been acquired during the past three years.

Industrial Development

About thirty-one percent of North Kingstown employment is associated with manufacturing and industry. The majority of new manufacturing employment in the Town has been the result of migration of firms into North Kingstown. Seven major employers account for most of the manufacturing employment: Electric Boat Corporation; Toray Plastics of America; Brown and Sharpe Manufacturing Company; Seafreeze, Limited; Custom Design, Inc.; Grinnell Corporation; Illumination Concepts and Engineering, Inc. and New England Stone, LLC.

Other major employers include: 143rd Air Wing, Rhode Island Air National Guard; Ocean State Jobbers, Inc.; Wal-Mart; Scalabrini Villa; NORAD; John J. Orr & Sons, Inc. and Ames Department Store.

Quonset Point/Davisville Industrial Park

The heart of industrial development in North Kingstown is the Quonset Point/Davisville Port and Commerce Park, which is operated by the Rhode Island Economic Development Corporation. The industrial and commerce park complex contains 3000 acres of land; approximately 650 acres remain available for development. The park is actually composed of a number of smaller parks that are distinguished by their services and types of industry. The overall industrial park area is served by an airport, rail, and deep water piers and is thus suitable for a wide diversity of manufacturing and port activities. One hundred six tenants employing more than 5500 employees currently occupy the industrial park. The complex also includes an 18-hole golf course and marina owned and operated by the Town of North Kingstown.

The industrial complex was once the home of the Davisville Naval Construction Battalion Center and the Quonset Naval Air Station. The Naval Air Station closed in 1972 and the Naval Construction Battalion Center, 900 acres in size, was closed in 1994. The Town and the Rhode Island Economic Development Corporation prepared a base reuse plans for the 1994 closure site and expect the majority of the site to be converted to industrial and associated purposes. Most of the 900 acres has now been conveyed to the Rhode Island Economic Development Corporation or is a part of an interim master lease for the site.

The Town participated in the development of a vision plan for Quonset Point/Davisville in anticipation of the transfer of the Navy property to the State Economic Development Corporation and the Town. The vision for the 3,000 acres focuses on the development of a port and commerce park of nearly 2,500 acres. A bond referendum passed by Rhode Island voters has secured \$72.0 million to enhance the existing freight rail system and make infrastructure improvements to Quonset Point/Davisville.

Several major facilities are proposed, have recently expanded or are under construction at Quonset Point/Davisville. Toray Plastics of America is constructing a 14,000 square foot health and fitness center and educational facility and an addition of 24,000 square feet is proposed for their manufacturing facility. Other activities include a 15,000 square foot wholesale food warehouse by All American Meats and Seafood; a 20,000 square foot addition (3 acre expansion) by Specialty Diving services; a 0.7 acre expansion by Rhode Island Mooring Services; a 65,000 square foot office/manufacturing facility by Arch Chemicals; the rehabilitation of 200,000 square feet by Moro Display for warehouse purposes; and a 216,000 square foot addition by Ocean State Jobbers, Inc. to increase their facility to 390,000 square feet. More recently, Supfina Machine Company has proposed a 5400 square foot addition; Arch Chemicals is adding office space; and B, B, & S has acquired additional acreage in anticipation of expanded operations. The Town funded a feasibility study through a community development grant to assess locating a business and manufacturing incubator center at the industrial park.

Other Industrial Development

Industrial activity is located in other parts of the community, particularly in the mill village of Lafayette and adjacent to the rail lines that cross through North Kingstown. These areas include Dry Bridge Road and Old Baptist Road.

The Town and six other neighboring communities have formed a regional economic development corporation focused on enhancing manufacturing activities in the region. The Corporation has a targeted manufacturer outreach program designed to assess business needs for management and workforce support and training and to assist the business community with meeting those needs. The success of the regional corporation is reflected in the recent addition of two new member communities and by a \$350,000 grant from the U.S. Department of Commerce Economic Development Administration. The regional economic development corporation has also received a \$200,000 Brownfields grant from the U.S. Environmental Protection Agency.

Commercial Development

Post Road (Route 1) and to a smaller degree, Boston Neck Road and Route 2 are the primary locations for commercial and shopping plaza uses. Many of the commercial establishments now located on Post Road were developed in response to the Navy base and growth during the 1960's. Post Road development suffered following the closure of the Navy base during the 1970's and early 1980's. Since then, growth has continued with the addition of Wickford Commons and Hunt River Commons. More recently, several business locations have been the subject of redevelopment or expansion efforts.

Prime examples of redevelopment or expansion along Post Road are the U.S. Post Office rehabilitation of a former supermarket; the construction of a Washington Trust Bank; Brooks Drugs demolishing a former car dealer facility to make way for a modern drug and convenience store; and Bess Eaton Donuts rehabilitating a former bank. Kingstown Plaza, first constructed in 1961, has invested \$500,000 in a dock tower, new signage and façade improvements. Three auto rental agencies are considering or have already located on Post Road.

The importance of Post Road to the economic base of the Town is best reflected by the inclusion of a separate element within the Town Comprehensive Plan for Post Road. This element addresses issues such as improving traffic conditions, updating design features of the commercial area, and the introduction of landscaping, pedestrian and bicycle enhancements. As development or redevelopment is occurring, the Planning Commission and Planning Department work to achieve these goals. The Town is also working with the Rhode Island Department of Transportation to insure that their projects work toward Town objectives.

In addition to the commercial development along Post Road, there is considerable activity in each of the Town's seven villages. Most notable is the seaport of Wickford, a popular tourist attraction with many well-preserved historic buildings from the eighteenth and nineteenth century. All seven villages are recognized for their historic prominence in the National Register of Historic Places.

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

Richard Smith's castle located near Wickford village is a recognized historic dwelling in Rhode Island. Through local, state, and federal assistance, the property was recently refurbished over a three-year period and has received historic preservation awards from the State of Rhode Island and the National Trust for Historic Preservation. Smith's Castle is one component of the tourism attractions in North Kingstown.

The town expects that the commercial sector will continue to grow, particularly in response to development at Quonset Point/Davisville. A new commercial project, of nearly 300,000 square feet, known as Wickford Junction, including a new commuter rail station and medical office building near the village of Lafayette is under construction. Approval for a 120,000 square foot structure has been received for a site in the same vicinity. Dave's Marketplace has opened his second North Kingstown market in the former supermarket building in Wickford. On Route 2, the Quaker Lane Business Center has received approval for a master plan and first construction phase for a four-building commercial development.

Office Development

The development of office facilities over the last few years may represent the emergence of a new market and tax base. The Meadows, an office park located at the intersection of Routes 2, 4, and 102, is a 27-acre office park that opened in 1988. The Wickford Professional Building on Phillips Street, a 40,000 square foot office complex, opened in 1989.

More recently interior construction is underway in the Lafayette Mill to convert a portion of the facility to a satellite office for the State Department of Children, Youth, and Families. The state office uses will comprise more than 13,000 square feet.

Business Tax Exemptions and Economic Development Tax Incentive

The Town Council adopted an ordinance in April of 1997, which will phase out the retail inventory tax over a five-year period. Beginning with the 1997 tax roll the retail inventory will be phased out at 20% each year.

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

Business Tax Exemptions And Economic Development Tax Incentive

The Town Council adopted an ordinance in April of 1997 which will phase out the retail inventory tax over a five-year period. Beginning with the 1997 tax roll, the retail inventory will be phased out at 20% each year.

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

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PROPERTY TAXES

General

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

quarterly thereafter.

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

Tax Limitations

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

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

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

Assessed Valuations

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

1994—1998.

12/31/94 12/31/95 12/31/96
12/31/97 12/31/98

Real Estate	\$1,378,485,000	\$1,401,248,700	\$1,433,174,000	\$1,470,037,800	\$1,500,902,170
Personal Property	<u>188,068,180</u>	<u>200,492,952</u>	<u>211,230,520</u>	<u>230,918,953</u>	<u>230,541,395</u>
Total	1,566,553,180	1,601,741,652	1,644,404,526	1,700,956,753	1,731,443,565
Less Exemptions ⁽²⁾	<u>(24,180,856)</u>	<u>(23,686,948)</u>	<u>(22,303,343)</u>	<u>(22,176,983)</u>	<u>(21,685,430)</u>
Net Total	\$1,542,372,324	\$1,578,054,704	\$1,622,101,177	\$1,678,779,770	\$1,709,758,135
Full Value Ratio of Assessment	95.5%	93.5%	95.0%	92.0%	92.0%

(1) Town-wide property revaluation effective 12/31/93.

(2) Tax exemptions are applied for on an accrual basis and are allowed as provided under State law. The Town offers exemptions to assessed value to qualified applicants who are Certified Blind Residents, \$13,200; Gold Star Parents, \$4,805; 100% Disabled Veteran, \$6,410; Prisoner of War, \$24,025; Disabled Veteran in Special Housing, \$16,015; Veterans and Widows, \$4,805; Poverty/Infirmary, based on need; Totally Disabled under age 65 with a maximum income of \$25,000, from \$16,015 to \$40,040; and Elderly Exemption for persons over age 65 with income for single person \$14,490 to \$17,710 and married couple \$19,530 to \$23,870, from \$46,100 to

\$76,800 with an additional ten percent for persons age 75 and older.

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Analysis of Property

The following table shows an analysis of assessed value in the Town by class for the fiscal year ended June 30, 1999 compared to state average.

Class	Percent of Real & Tangible Property	State Average
Residential	74.20%	70.54%
Commercial	10.10	16.21
Industrial	1.70	3.15
Utilities & Railroads	0.40	1.97
Motor Vehicles	8.60	7.62
Other	<u>5.00</u>	<u>.51</u>
	100.00%	100.00%

Source: State of Rhode Island Department of Administration. 1997 Report on Local Government Finances.

Principal Taxpayers

The following table sets forth the principal taxpayers in the Town and the assessed valuation of the property held by such taxpayers as of December 31, 1998.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Valuation</u>	<u>% of Total Assessed Valuation</u>
Narragansett Electric Co.	Utility	\$34,487,070	1.95%
Browne & Sharpe Manufacturing. Co.	Metrology products	16,167,200	0.92
Hunt River Shopping Center	Retail plaza	8,609,600	0.49
Wal-Mart Stores Inc.	Retail	8,501,410	0.48
Heritage Village Assoc.	Real estate	6,110,100	0.35
Providence Gas Company	Utility	5,719,270	0.32
Toray Plastics America	Plastics mfg.	5,356,010	0.30
Bay Shore Ventures	Real estate	5,085,900	0.29
Oakwood Living Center	Nursing home	3,804,500	0.22
Essex Village Company	Apartments	3,750,300	0.21
Millcreek Limited	Apartments	3,731,100	0.21
Kingstown Plaza Limited Partnership	Shopping center	3,730,400	0.21
Kings Grant Co.	Apartments	3,541,400	0.20

Quidnessett Country Club	Golf course	3,358,100	0.19
Wickford Village Associates	Real estate	3,308,100	0.19
Zakapone Real Estate Associates, Inc.	Real estate	2,936,000	0.17
Coxcom Inc.	Cable/Communications	2,924,700	0.17
Albemarle Frenchtown LLC	Retail plaza	2,813,400	0.16
Meadows Professional		2,574,800	0.15
ASQAH Co-operative, Inc.	Apartments	2,287,100	0.13
Stone, Don W.	Real estate	2,168,000	0.12
SLS Associated Ltd Partnership	Lighting Fixture Mfr.	2,130,800	0.12
OCG Microelectronic Materials	Microelectronic Material Mfr.	2,054,800	0.12
Castelucci Stone Ind. Inc.	Granite Importing & Processing	1,976,100	0.11
Wickford Shipyard Inc.	Shipyard	1,921,600	0.11
Caldwell, David A. Sr.		1,670,700	0.09
Pulte Home Corp of NE	Developer	<u>1,663,200</u>	<u>0.09</u>
	Total	\$107,894,590	6.11%

Tax Rate, Levy and Collection Records

Fiscal Year	Actual Tax Rate	Levy	Net Abatements or Additions	Net Levy	Current Year Levy			
					Uncollected at Fiscal Year End	% Uncollected at Fiscal Year End	Uncollected at 6/30/99	Uncollected Estimated at 6/30/99
1990—91	\$27.48	\$24,903,811	\$(6,305)	\$24,897,506	\$1,590,982	6.39%	\$ 150,856	\$ 145,000
1991—92	29.08	27,048,095	43,012	27,091,107	1,989,719	7.34	178,434	160,000
1992—93	30.64	28,052,238	3,054	28,055,292	1,807,999	6.44	152,747	145,000
1993—94	30.83	28,876,687	(13,211)	28,863,476	1,630,788	5.65	161,491	150,000
1994—95	19.26	29,127,597	(286,734)	28,840,863	1,261,335	4.37	110,007	100,000
1995—96	20.24	31,217,622	(180,296)	31,037,326	1,225,089	3.95	107,928	80,000
1996—97	20.76	32,760,419	(102,849)	32,657,570	1,377,498	4.22	142,252	100,000
1997—98	22.04	35,751,114	7,377	35,758,491	1,408,635	3.94	1,344,729	150,000
1998—99	22.79	38,259,389	(75,247)	38,184,142	1,344,729	3.51	-	-

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

accounts.

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TOWN DEBT

Debt Limit

Except as provided below, under Rhode Island law the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness, not otherwise excepted by law, to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. As of June 30, 1999 the Town had \$757,841 of debt outstanding subject to the 3% debt limit. The current 3% debt limit of the Town is \$50,363,393 based on the net assessed valuation as of December 31, 1998 of \$1,765,207,767.

The State Legislature may by special legislation permit the Town to incur indebtedness outside the limitations imposed by the 3% debt limit. Special legislation adopted by the legislature authorizing the Town to incur debt is subject to referendum by the electors of the Town. On June 30, 1998 the total outstanding debt of the Town issued pursuant to special legislation outside the 3% debt limit was \$18,360,000.

In addition to debt authorized within the 3% debt limit and debt authorized by special legislation of the legislature, Rhode Island General Laws 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never petitioned the State Director of Administration to authorize indebtedness of the Town under Section 45-12-11.

Current Outstanding Debt

The outstanding general obligation debt of the Town for the fiscal years ended June 30, 1994 through 1998 was as follows:

General Obligation Bonds	1994	1995	1996	1997	1998
School	\$2,765,705	\$2,377,502	\$6,661,500	\$6,453,800	\$5,936,857
Public Facilities	—0—	—0—	560,000	560,000	522,353
Open Space	<u>3,413,100</u>	<u>3,165,800</u>	<u>3,703,500</u>	<u>3,451,200</u>	<u>3,140,790</u>
Total G.O. Bonds	6,178,805	5,543,302	10,925,000	10,465,000	9,600,000
Enterprise Fund Bonds	<u>271,195</u>	<u>101,698</u>	<u>—0—</u>	<u>900,000</u>	<u>830,907</u>
Total Bonds	<u>\$6,450,000</u>	<u>\$5,645,000</u>	<u>\$10,925,000</u>	<u>\$11,365,000</u>	<u>\$10,430,907</u>
Bond anticipation notes	—0—	—0—	—0—	\$3,075,000	\$5,800,000

Actual Bonded Debt Service Requirements

Existing

Current Issue

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$1,350,000	\$1,041,195	\$—0—	\$ 608,850	\$3,000,045
2001	1,375,000	779,065	—0—	1,826,550	3,980,565
2002	1,370,000	705,506	1,320,000	1,791,900	5,187,406
2003	1,360,000	638,749	1,320,000	1,722,600	5,041,349
2004	1,350,000	877,791	1,320,000	1,653,300	5,201,091
2005	1,350,000	519,907	1,320,000	1,584,000	4,773,907
2006	1,340,000	461,214	1,320,000	1,514,700	4,635,914
2007	1,015,000	396,864	1,320,000	1,445,400	4,177,264
2008	935,000	352,221	1,320,000	1,376,100	3,983,321
2009	860,000	308,603	1,320,000	1,306,800	3,795,403
2010	865,000	268,310	1,320,000	1,237,500	3,690,810
2011	870,000	227,185	1,320,000	1,166,550	3,583,735
2012	870,000	185,327	1,320,000	1,093,950	3,469,277
2013	480,000	153,706	1,320,000	1,020,525	2,974,231
2014	485,000	131,929	1,320,000	946,275	2,883,204
2015	490,000	109,608	1,320,000	872,850	2,792,458
2016	495,000	86,742	1,320,000	799,590	2,701,332
2017	495,000	63,292	1,320,000	725,670	2,603,962
2018	500,000	39,503	1,320,000	651,585	2,511,088
2019	505,000	15,300	1,320,000	576,840	2,417,140
2020	—0—	—0—	1,320,000	501,270	1,821,270
2021	—0—	—0—	1,320,000	425,040	1,745,040
2022	—0—	—0—	1,320,000	348,480	1,668,480
2023	—0—	—0—	1,320,000	271,425	1,591,425
2024	—0—	—0—	1,320,000	193,875	1,513,875
2025	—0—	—0—	1,320,000	116,325	1,436,325
2026	<u>—0—</u>	<u>—0—</u>	<u>1,320,000</u>	<u>38,775</u>	<u>1,358,775</u>

Totals \$18,360,000 \$7,362,017 \$33,000,000 \$25,816,725 \$84,538,742

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Debt Ratios and Debt Per Capita

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt and Bond Anticipation Notes	Debt payable from Enterprise Revenue Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1987	21,938	\$732,496,940	\$5,370,000	\$1,676,572	\$3,693,428	0.50%	\$168.36
1988	21,938	768,358,104	3,735,000	1,444,654	2,290,346	0.30	104.40
1989	21,938	817,863,020	2,985,000	1,220,000	1,765,000	0.22	80.45
1990	23,786	858,520,823	2,275,000	1,022,767	1,252,233	0.15	52.65
1991	23,786	906,251,900	6,825,000	820,849	6,004,151	0.66	252.42
1992	23,786	930,126,467	7,825,000	627,138	7,197,862	0.77	302.61
1993	23,786	915,628,830	7,250,000	438,270	6,811,731	0.74	286.38
1994	24,065 ⁽³⁾	936,642,267	6,450,000	271,195	6,178,805	0.66	256.75
1995	24,065 ⁽³⁾	1,512,225,068	5,645,000	101,698	5,543,302	0.37	230.32
1996	24,065 ⁽³⁾	1,542,372,324	10,925,000	—0—	10,925,000	0.71	453.97
1997	24,065 ⁽³⁾	1,578,054,704	13,540,000	—0—	13,540,000	0.86	562.64
1998	24,065 ⁽³⁾	1,622,101,177	16,230,907	830,907	15,400,000	0.95	639.93

(1) U.S. Department of Commerce, Bureau of Census 1980 and 1990.

(2) Net taxable assessed value.

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

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Overlapping and Underlying Debt

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

Outstanding Bond Authorizations

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

<u>Chapter</u>	<u>Year</u>	<u>Purpose</u>	<u>Original Total Authority</u>	<u>Bonds Issued</u>	<u>Bond Anticipation Notes Outstanding</u>	<u>Unissued Authority</u>
616	1987	Open Space/Recreation	\$6,000,000	\$5,765,000	\$ —0—	\$ 4, 235,000
165	1992	Public Facilities	6,000,000	2,810,000	—0—	3,190,000
166	1992	Asset Protection	1,000,000	615,000	—0—	385,000
409	1994	School Additions	6,500,000	4,600,000	—0—	1,900,000
13	1997	Library	1,350,000	1,000,000	—0—	350,000
18	1998	High School	33,000,000	33,000,000	—0—	—0—
20	1998	Acq. Development Rights	<u>4,000,000</u>	<u>—0—</u>	<u>—0—</u>	<u>4,000,000</u>
		Totals	<u>\$57,850,000</u>	<u>\$47,790,000</u>	<u>\$—0—</u>	<u>\$14,060,000</u>

STEP	DATE	CHARTER CONSTRAINTS
Proposed Budget	March 13, 2000	The Manager shall submit to the Council not later than the fiftieth day preceding the first Wednesday in May a proposed budget of anticipated revenues and proposes expenditures after a review of estimated requirements from department heads.
Preliminary Approval of the Budget	March 27, 2000	The Council has two weeks to give preliminary approval to the manager's budget which the Council may revise.
Public Hearings	April 17, 2000 and April 19, 2000	Approximately three weeks after preliminary approval by the council, two public hearings are held (one for school portion and one for all other budgets).
Petitions to Council	April 24, 2000	After preliminary approval of the budget, any qualified elector may circulate a petition requesting that the Council increase or decrease the budget. At least 50 signatures, validated by the Board of Canvassers, are required. The Council is required to consider and vote on each valid petition.
Final approval of the budget	May 3, 2000	On or before the first Wednesday in May, the Council is required to make any final changes to the budget by a majority vote and consider any petitions. Following final approval, the budget is published and copies are available for the public.
Referendum petitions	May 23, 2000	Following final approval by the Council, any qualified elector may circulate a petition requesting a referendum for either an increase or decrease to the total appropriations for a specific fund. Petition forms approved by the Town Clerk must be returned before the twentieth day following the first Wednesday in May.
Budget Referendum	June 10, 2000	Each valid petition with no less than 300 signatures along with the Council's final adopted budget is presented to the voters for a referendum vote on the second Saturday in June. The polls are open from 8:00 a.m. to 8:00 p.m.

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TOWN FINANCES

Basis of Accounting

See note 1 to Financial Statements, Appendix B.

Annual Audit

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

The comparative financial statements set forth in Appendix A have been prepared by the Town Treasurer from audited financial statements for the fiscal years 1994—1998. Set forth in Appendix B are audited financial statements for the fiscal year ended June 30, 1998.

Budgetary Procedures

The Town Charter requires the following process for adoption of the Town's annual budget. The preliminary preparation for the 2000—2001 budget actually began in September when capital budgets were submitted to the manager by the department heads. In November, the department heads begin work on their proposed operating budgets which are due to be submitted to the manager in January. During the months of January and February, the department heads meet with the manager to discuss their requests. The Library Board of Trustees and the School Committee are required by the charter to submit their budget requests to the manager not later than February 28, 2000.

Comparative Budgets (General Fund)

<u>Current Revenue</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>
General Property Tax ⁽¹⁾	\$9,187,161	\$ 9,776,719	\$9,981,237
Prior Year's Taxes	1,000,000	1,000,000	1,000,000
State Aid Revenues	437,610	490,444	1,183,957
Licenses & Permits	71,685	72,305	74,770
Departmental Revenue	1,242,034	1,523,563	1,997,265
Prop Rental & Investment & Interest Earnings	659,455	753,300	712,800
Miscellaneous	320,000	320,000	295,000
Payment in Lieu of Taxes	1,871,914	2,099,988	2,132,000
Transfer from O/D Recreation Fund	<u>344,551</u>	<u>342,224</u>	<u>369,705</u>
Total Current Revenue	\$15,134,405	\$16,378,543	\$17,746,734
Prior Year Revenue	<u>—0—</u>	<u>—0—</u>	<u>—0—</u>
Total Estimated Available for Appropriation	\$15,134,405	\$16,378,543	\$17,746,734
<u>Estimated Requirements</u>			
Ordinary Recurring Expenses Personal Services	\$11,040,515	\$11,533,972	\$12,074,388
Non-personal Services	<u>3,522,485</u>	<u>3,836,945</u>	<u>4,903,955</u>
Total Ordinary Recurring Expenses	\$14,563,000	\$15,370,917	16,978,343
Major Capital Outlay	433,900	868,028	625,193
Debt Service ⁽²⁾	<u>—0—</u>	<u>—0—</u>	<u>—0—</u>
Contributions to Other Agencies	<u>137,505</u>	<u>139,598</u>	<u>143,198</u>

Total Estimated Requirements	\$15,134,405	\$16,378,543	\$17,746,734
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(1) Amount to be raised by tax levy.

Debt Service to be moved to combined Debt Service (all funds for FY98). Total Debt Service attributable to General Fund for FY98 is \$648,154; and FY99 is \$561,778.

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Tax Anticipation Notes

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

Recent Financial Events

The Town's draft audited financial statements for fiscal year ending June 30, 1999, indicate that the Town's total general fund balance was \$3,709,505 with \$2,965,374 as unreserved and undesignated. For fiscal year ending June 30, 1999, total general fund revenues exceeded expenditures by \$1,690,503 (See Exhibit A).

Year 2000

The Town has implemented a plan to deal with the Year 2000 problem and has expended over \$500,000 in system upgrades over the last several years in preparation for the Year 2000. The awareness and assessment stages have been completed for computer related problems. The Town has expended an additional \$500,000 in Fiscal Year ending June 30, 1998 and 1999 and the remediation plan is complete. In addition, all town departments have checked with the manufacturers of much of the Town equipment to ensure there are not "embedded" chips with Year 2000 problems. Finally, the Town has developed a Y2K contingency plan in case there are emergencies outside of the Town organization that do occur on January 1, 2000. The Public Works Department and Police and Fire Department are working with the State Department of Emergency Management to test this contingency plan with a live test planned for mid November 1999.

State Aid

State School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34, as amended, the State provides operations assistance to each municipality and school district in the State. The statute provides for a guaranteed minimum per pupil expenditure set by each municipality under a formula prescribed by the statute and equalized with other municipalities on the basis of assessed valuations and other factors as determined by the Rhode Island General Assembly. The legislation guarantees a minimum program for every pupil, and, if the municipality fails to provide adequate funds for such program, the State transfers other State Aid due to the municipality to the school account. The Town's School Department received \$8,707,027 in State School Operations Aid during the fiscal year ended June 30, 1999, expects to receive \$8,765,098 for the fiscal year ending June 30, 2000 and budgeted \$8,707,027 for the fiscal year ending June 30, 2000. This legislation could be changed in a legislative session and all State aid is subject to General Assembly appropriation.

State School Construction Aid

Pursuant to Rhode Island General Laws Section 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 30% of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. For the fiscal year ended June 30, 1999 the Town received \$381,844 in school construction aid, expects to receive \$442,776 in the fiscal year ending June 30, 2000. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly.

Commencing with fiscal year 1990—91, school housing project costs include the cost of interest on any bond issued after July 1, 1988.

State aid reimbursement for school construction projects is based on the share ratio established for that year by the Rhode Island Department of Education. For the current year the Town's share ratio is approximately 30.0%. This ratio can vary from year to year.

Other State Aid

In addition to school operations assistance, municipalities in Rhode Island receive additional aid through the State General Revenue Sharing program. The program, with the distribution formula similar to the Federal Revenue Sharing program, replaced various state grant and aid programs as of July 1, 1987. However, the General Revenue Sharing program has been sharply reduced in recent years. For the fiscal year ended June 30, 1999, the Town received \$262,195 in funding from the General Revenue Sharing program, expects to receive \$370,842 in the fiscal year ending June 30, 2000.

In addition, the Town receives aid from the State for Public Service Corporations Tax (Telephone Tax), partial reimbursement for school and library debt service costs and a hotel tax from North Kingstown hotels equal to 1% of gross receipts.

Summary of State Aid Revenues

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

	1995 Actual	1996 Actual	1997 Actual	1998 Actual	1999 Actual
General Revenue Sharing	\$193,173	\$189,683	\$191,845	\$180,518	\$262,195
Telephone Tax	170,947	194,407	199,376	239,296	266,764
State PILOT (Non-Profits)	8,311	3,065	3,171	3,736	3,966
Hotel Tax	<u>9,478</u>	<u>5,200</u>	<u>8,479</u>	<u>12,037</u>	<u>14,041</u>
Total State Aid	<u>\$381,907</u>	<u>\$392,355</u>	<u>\$402,871</u>	<u>\$ 435,587</u>	<u>\$546,966</u>

LITIGATION

The Town has several lawsuits pending. In the opinion of the Town Solicitor and Town Officials, there is no litigation pending against the Town which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the Town's financial position or its ability to meet its debt service obligations.

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TAX EXEMPTION

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

The opinion of Bond Counsel is subject to the condition that the Town comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Town has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

It should also be noted that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code) as noted below, and that for insurance companies subject to the tax imposed by Section 831 of the Code, the deduction for loss reserves is reduced by 15 percent of the sum of certain items, including interest on the Bonds. In addition, interest on the Bonds earned by certain corporations could be subject to the environmental tax or the foreign branch profits tax imposed by the Code, and may be included in passive investment income subject to federal income taxation under provisions of the Code applicable to certain Subchapter S corporations. The Code also requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

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

CONTINUING DISCLOSURE

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

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

(1.) The Town will provide to each Nationally Recognized Municipal Securities Information Repository ("National Repository") and the appropriate State Information Depository for the State ("State Repository"), if any: (a) not later than nine (9) months after the close of the Town's fiscal year, which is June 30, commencing June 30, 1999, certain financial information and operating data relating to the Town updating the financial information and operating data presented in the Official Statement prepared in connection with the Bonds to the extent required to comply with the Rule; and (b) as soon as available the audited financial statements of the Town for the most recently ended fiscal year, prepared on a modified accrual basis, reflecting assets, liabilities and financial activities not recorded in separate fund groups. The Town reserves the right to provide the information required in the above clauses (a) and (b) separately and to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information, to the extent necessary or appropriate, provided that any such modification will be done in a manner consistent with the Rule.

(II.) The Town will provide in a timely manner to each National Repository or the Municipal Securities Rulemaking Board, and the State Repository, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of beneficial owners and the holders of the Bonds.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds.
11. Rating changes.

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

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

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

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

The intent of the Town's undertaking in the Continuing Disclosure Certificates is to provide on a continuing basis the information described in the Rule. Accordingly, the Town reserves the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers

of municipal securities to provide all or any portion of the information the Town has agreed to provide pursuant to the Continuing Disclosure Certificates, the obligation of the Town to provide such information also shall cease immediately.

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

The Town Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Town from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Cynthia J. Olobri, Town Treasurer, Town of North Kingstown, 80 Boston Neck Road, North Kingstown, Rhode Island 02852, Telephone (401-249-3331).

The Town is in compliance with its continuing disclosure obligations.

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CONDITIONS PRECEDENT TO DELIVERY

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

No Litigation Certificate

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

Approval of Legality

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

Certification of the Bonds

The Bonds shall be certified as to their genuineness by State Street Bank and Trust Company, Corporate Trust Department, Boston, Massachusetts, which certificate will appear on the Bonds.

Compliance with Legal Requirements

The services of Fleet Securities, Inc. have included limited advice as to the scheduling, maturities and other details of the issue. The rendering of this advice may cause Fleet Securities, Inc. to have a financial advisory relationship with the Town under Rule G-23 of the Municipal Securities Rulemaking Board. The Town consents to the participation of either Fleet Securities, Inc. or an entity affiliated with

Fleet Securities, Inc. in the public bidding for the Bonds in accordance with Rule G-23.

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RATING

The Bonds will be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's) with the understanding that upon delivery of the Bonds a policy insuring the payment when due of the principal and interest on the Bonds will be issued by Financial Guaranty Insurance Company (the "Insurer").

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

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

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Certificate With Respect to Official Statement

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

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

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

By: CYNTHIA J. OLOBRI

Town Treasurer

Dated: December 1, 1999

Note: Appendix A (Comparative Financial Statements), Appendix B (Audited Financial Statements for the Fiscal Year Ended June 30, 1998), Appendix C (Proposed Form of Legal Opinion for the Bonds and Notes), Appendix D (The MBIA Insurance Corporation Insurance policy) as well as (Specimen Financial Guaranty Insurance Policy) have not been posted to this page but are available in hard copy by contacting the Finance Director by Email or by telephone at (401) 294-3331, Ext. 140.

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