

***TOWN OF NORTH SMITHFIELD, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS***

*For the Fiscal Year Ended
June 30, 2015*

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Town of North Smithfield, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Town implemented GASB Statement No.68, “Financial Reporting for Pensions – An Amendment of GASB Statement No. 27”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”, during fiscal year 2015. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, budgetary comparison information, and supplementary other postemployment benefit and pension information on pages 4 through 12 and pages 70 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Smithfield, Rhode Island’s basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-profit Organizations*”, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016 on our consideration of the Town of North Smithfield, Rhode Island’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Smithfield, Rhode Island’s internal control over financial reporting and compliance.



Warwick, Rhode Island
January 4, 2016

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of North Smithfield provides this Management's Discussion and Analysis of the Town's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of North Smithfield is for fiscal year ended June 30, 2015.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate Changes in the Town's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2014 and 2015 fiscal years. We encourage readers to consider the information presented in this narrative in conjunction with additional information that we have provided herein.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's annual financial statements. The financial section of this report consists of four parts — management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information that includes combining statements for non-major governmental funds and other fiduciary funds.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall status. The remaining statements are fund-financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government wide statements.

The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short and long term financial information about the activities the Government operates like businesses, such as the water and sewer system.

Fiduciary fund statements provide information about assets that are held by the Town as a trustee or agent for the benefit of someone or something other than the Town itself. The Town cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements. The Town of North Smithfield adopted the provision of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions and Governmental Accounting Standards Board Statement No. 34, Basic Financial statements Management's Discussion and Analysis – for State and Local Governments as of July 1, 2002.

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position — the difference between the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources — is one way to measure the Town's financial health, or position.

Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Town, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's infrastructure such as the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

Governmental activities - Most of the Town's basic services are included here, such as the police, fire, library, public works, parks & recreation and general administration. Property taxes, charges for services and state funding finance most of these activities.

Business-Type activities - The Town charges fees to customers to cover the costs of certain services it provides. The Town Water and Sewer Enterprise Funds are included here.

The government-wide financial statements are reported on pages 13 and 14.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government - wide statements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds - Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund statements focus on *near-term inflows and outflows of spendable resources*. They also focus on the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

The Town maintains 25 governmental funds; two are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Data from the remaining 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of “combining statements” later in this report. The Town's two major governmental funds are:

1. General Fund
2. School Unrestricted Fund

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Proprietary Funds - The Town maintains two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains an enterprise fund to account for its Water and Sewer operations.

The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Fiduciary Funds – The Town maintains one private-purpose trust fund and eight agency funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 23 and 24 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements and can be found on pages 25 through 69 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, which include reconciliation between the statutory revenues and expenditures for budgetary purposes and the revenues and expenditures for the General Fund and School Unrestricted Fund as presented in the governmental fund financial statements. Required supplementary information follows the notes to the financial statements and can be found beginning on page 70 of this report. The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position (government and business-type activities) totaled \$20,296,878 at the close of the most recent fiscal year.

Town of North Smithfield Net Position						
June 30, 2015			June 30, 2014			
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<u>Assets</u>						
Current assets	\$ 9,527,666	\$ 5,107,561	\$ 14,635,227	\$ 8,911,717	\$ 5,301,631	\$ 14,213,348
Capital assets, net	51,002,073	13,185,531	64,187,604	51,942,547	14,046,761	65,989,308
Other noncurrent assets	4,677,516	2,958,456	7,635,972	3,187,725	3,451,142	6,638,867
Total assets	65,207,255	21,251,548	86,458,803	64,041,989	22,799,534	86,841,523
<u>Deferred outflow of resources</u>						
Deferred pension amounts	2,060,711	-	2,060,711	1,775,109	-	1,775,109
Total deferred outflow of resources	2,060,711	-	2,060,711	1,775,109	-	1,775,109
<u>Liabilities</u>						
Current liabilities	3,699,290	1,139,142	4,838,432	3,582,351	1,281,987	4,864,338
Noncurrent liabilities	50,590,906	5,624,589	56,215,495	55,298,558	6,293,488	61,592,046
Total liabilities	54,290,196	6,763,731	61,053,927	58,880,909	7,575,475	66,456,384
<u>Deferred inflow of resources</u>						
Deferred pension amounts	3,794,258	-	3,794,258	-	-	-
Deferred sewer assessments	-	3,374,451	3,374,451	-	3,901,218	3,901,218
Total deferred inflow of resources	3,794,258	3,374,451	7,168,709	-	3,901,218	3,901,218
<u>Net position</u>						
Net investment in capital assets	20,930,606	8,176,410	29,107,016	19,339,919	6,997,884	26,337,803
Restricted for specific use	2,280,073	-	2,280,073	-	-	-
Unrestricted	(14,027,167)	2,936,956	(11,090,211)	(12,403,730)	4,324,957	(8,078,773)
Total net position	\$ 9,183,512	\$11,113,366	\$ 20,296,878	\$ 6,936,189	\$11,322,841	\$ 18,259,030

The largest portion of the Town's net position, \$29,107,016 reflects its investment in capital such as land, building, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,280,073 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of (\$11,090,211) may be used to meet the Town's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

Changes in Net Position

Town of North Smithfield Changes in Net Position

	June 30, 2015			June 30, 2014		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 1,919,939	\$ 2,483,265	\$ 4,403,204	\$ 2,255,424	\$ 2,680,535	\$ 4,935,959
Operating grants	8,837,922	-	8,837,922	7,236,543	23,724	7,260,267
Capital grants	187,883	-	187,883	102,665	13,498	116,163
General Revenues						
Property taxes, levied for general purposes	30,357,316	-	30,357,316	29,310,336	-	29,310,336
State aid	640,510	-	640,510	1,750,156	-	1,750,156
Interest income	877	2,556	3,433	850	-	850
Bond disbursements for land trust	-	-	-	(544,174)	-	(544,174)
Miscellaneous	42,413	-	42,413	-	-	-
Total revenues	41,986,860	2,485,821	44,472,681	40,111,800	2,717,757	42,829,557
Expenses						
General government	1,459,621	-	1,459,621	1,777,431	-	1,777,431
Financial administration	918,422	-	918,422	661,705	-	661,705
Public safety	6,509,291	-	6,509,291	4,982,385	-	4,982,385
Public works	2,570,884	-	2,570,884	2,117,865	-	2,117,865
Fixed charges	-	-	-	1,885,211	-	1,885,211
Grants & contributions	17,575	-	17,575	20,550	-	20,550
Education	26,909,949	-	26,909,949	27,325,764	-	27,325,764
Other	-	-	-	94,587	-	94,587
Interest	1,324,206	-	1,324,206	1,457,872	-	1,457,872
Water	-	477,428	477,428	-	490,791	490,791
Sewer	-	2,247,457	2,247,457	-	2,109,461	2,109,461
Total expenses	39,709,948	2,724,885	42,434,833	40,323,370	2,600,252	42,923,622
Excess (deficiency) of revenues over (under) expenses before transfers	2,276,912	(239,064)	2,037,848	(211,570)	117,505	(94,065)
Transfers in (out)	(29,589)	29,589	-	(60,234)	60,234	-
Change in net position	2,247,323	(209,475)	2,037,848	(271,804)	177,739	(94,065)
Net position - beginning	6,936,189	11,322,841	18,259,030	7,207,993	11,145,102	18,353,095
Net position - ending	\$ 9,183,512	\$11,113,366	\$20,296,878	\$ 6,936,189	\$11,322,841	\$18,259,030

Governmental Activities - To aid in the understanding of the new Statement of Activities, some additional explanation is given. Of particular interest is the format which is different than a typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden to our taxpayers of each of the Town's functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Governmental activities increased the Town's net position by \$2,247,323.

Business-Type activities - Business-type activities decreased the Town's net position by \$209,475.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,894,154 an increase of \$1,138,419 (19.78%) in comparison with the restated prior year beginning fund balance. The General Fund and School Unrestricted Fund are the chief operating funds of the Town.

At the end of the current fiscal year, the total fund balance of the General Fund was \$3,916,013, of which \$3,086,606 is unassigned (78.8%). The General Fund total fund balance increased by \$635,213 (19.4%) during the current fiscal year. The unassigned fund balance in the General Fund represents 7.8% of the total Fiscal Year 2015 General Fund budgeted expenditures.

At the end of the current fiscal year, the total fund balance of the School Unrestricted Fund was \$1,574,553, of which \$1,408,154 is restricted for education with the balance being assigned for specific purposes. There are no unassigned balances in the School Unrestricted Fund. The School Unrestricted Fund total fund balance has increased by \$843,076 (115.3%) during the current fiscal year.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

At the end of the current fiscal year, net position of the Water Fund amounted to \$917,662, an increase of \$65,671 (7.7%) from the prior year restated Net Position. In the Sewer Fund, net position amounted to \$10,195,704, a decrease of \$275,146 (2.6%) from the prior year restated Net Position.

General Fund Budgetary Highlights

The following Revenue Sources had revenue that was materially over/(under) budget for the fiscal year:

Property taxes - were \$154,986 over budget. This positive variance is attributed to a higher collection percentage of outstanding taxes. For the current fiscal year, a tax sale was held that generated payments on many delinquent accounts. Additionally, DMV registry blocks has aided in the collection of Motor Vehicle taxes.

Intergovernmental and grant revenue – was under budget by \$141,478 due to School Medicaid being budgeted in the amount of \$205,000. All Medicaid revenue collected by the School through Compuclaim is reported on the School Unrestricted fund. The only revenue received by the Town for Medicaid is the Quarterly administrative disbursement, which amounted to \$18,536 in FY15.

Town clerk licenses and fees – were over budget by \$35,594 due to favorable collections of Real Estate recordings and the budget committee’s conservative approach for revenue estimation.

The following Departments had expenditures that were materially over/(under) budget for the fiscal year:

General governmental expenditures - were under budget by \$125,941, primarily due to unexpended contingency fund items (\$45,937), favorable cost control from the Town Solicitor’s referral of cases to outside Legal representation (\$33,321), and plant operations line items being under spent (\$9,860).

Financial administration expenditures - were under budget by \$6,239 due to the insurance expenditure line item being over-budgeted by \$17,733, as well as other cost savings. An item to note is that the Tax Assessor’s was over budget by \$25,399 primarily due to paying for an Assessor and a contracted assessor for a portion of the same time throughout the year.

Public safety expenditures – were over budget by \$5,035 primarily due to overtime costs in the Police Department.

Public works expenditures – were over budget by \$105,158 primarily due to the budget over-runs directly related to the amount of storm maintenance performed by the Highway Department in FY15.

Capital Assets and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$64,187,604 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and construction in progress.

Additional information on the Town's capital assets can be found in the notes to the financial statements of this report. A summary of the Town’s capital assets is presented below:

Town of North Smithfield
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2015			June 30, 2014		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 8,720,242	\$ 16,141	\$ 8,736,383	\$ 8,720,242	\$ 16,141	\$ 8,736,383
Land improvements	1,406,730	17,162	1,423,892	1,516,443	18,025	1,534,468
Buildings and improvements	38,098,583	1,596,945	39,695,528	39,323,573	1,643,871	40,967,444
Infrastructure	579,487	5,735,324	6,314,811	595,670	5,885,663	6,481,333
Machinery, equipment and furniture	1,296,344	5,771,002	7,067,346	1,197,045	6,416,203	7,613,248
Vehicles	900,687	48,957	949,644	589,574	66,858	656,432
Total	\$51,002,073	\$13,185,531	\$64,187,604	\$51,942,547	\$14,046,761	\$65,989,308

Long-Term Obligations – At the end of the fiscal year, the Town had total debt outstanding of \$59,127,578. General obligation bonds are backed by the full faith and credit of the Town, including the Town's power to levy additional taxes to ensure repayment of the debt. A summary of the Town's Long-Term Obligations is presented below:

Town of North Smithfield						
Long-Term Obligations						
	June 30, 2015			June 30, 2014		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
General Obligation Bonds & Loans	\$ 29,855,000	\$6,108,696	\$35,963,696	\$31,698,000	\$6,795,223	\$38,493,223
Capital leases payable	693,252	105,268	798,520	904,628	130,500	1,035,128
Accrued compensated absences	944,697	-	944,697	966,535	-	966,535
Settlements payable	195,100	79,524	274,624	290,100	123,112	413,212
Net OPEB obligation	1,941,068	-	1,941,068	1,609,518	-	1,609,518
Net pension liabilities	19,204,973	-	19,204,973	21,979,153	-	21,979,153
Totals	\$ 52,834,090	\$6,293,488	\$59,127,578	\$57,447,934	\$7,048,835	\$64,496,769

The Town retired bond debt of \$1,843,000 for Governmental Activities and \$686,527 for Business-Type Activities during the current fiscal year. State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. Currently, the Town is in compliance with the Legal Debt margin requirement.

Additional information on the Town's long-term obligations can be found in the notes to the financial statements.

Independent Audit

State statutes and the Town Charter require an annual audit by independent certified public accountants. The accounting firm of Bacon & Company, LLC provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2015. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports related specifically to the single audit are located at the end of this report in the single audit section.

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2015-2016 is \$40,361,064, an increase of \$1,013,404 (2.58%) from the prior year. Education, at \$24,661,844 or 61.1% of the total budgeted expenditures, had an increase of \$189,987. This increase is made up primarily of State Aid increases.

For the fiscal year 2015-2016, the tax rate was broken down into three tiers: residential, commercial and personal property, with rates of \$16.676, \$18.504 and \$44.564, respectively. The breakdown consists of 38.90% for municipal and 61.10% for education. For the fiscal year 2014-2015, the tax rate was broken down into the same three tiers, with rates of \$16.02, \$17.77 and \$42.805, respectively. The breakdown consists of 37.8% for municipal and 62.2% for education.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 1 Main Street, Slatersville, Rhode Island 02876.

Thank you very much!

Jason Parmelee
Finance Director

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- Governmental Funds**
- Proprietary Funds**
- Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 7,654,189	\$ 2,934,510	\$ 10,588,699
Real estate and personal property tax receivable, net	1,362,555	-	1,362,555
Water and sewer use fees receivable, net	-	193,584	193,584
Sewer assessments receivable, net	-	476,825	476,825
Due from federal and state government	407,197	799,791	1,206,988
Accrued interest receivable, net	381,627	-	381,627
Other receivables	192,548	201,292	393,840
Internal balances	(501,559)	501,559	-
Prepaid expenses	31,109	-	31,109
Total current assets	<u>9,527,666</u>	<u>5,107,561</u>	<u>14,635,227</u>
Noncurrent assets:			
Sewer assessments receivable, net	-	2,958,456	2,958,456
Capital assets: (Note 5)			
Land and land easements	8,720,242	16,141	8,736,383
Depreciable buildings, property, equipment, infrastructure, net	42,281,831	13,169,390	55,451,221
Capital assets, net	51,002,073	13,185,531	64,187,604
Net pension assets	4,677,516	-	4,677,516
Total noncurrent assets	<u>55,679,589</u>	<u>16,143,987</u>	<u>71,823,576</u>
Total assets	<u>65,207,255</u>	<u>21,251,548</u>	<u>86,458,803</u>
Deferred outflows of resources:			
Deferred pension amounts	2,060,711	-	2,060,711
Total deferred outflows of resources	<u>2,060,711</u>	<u>-</u>	<u>2,060,711</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,118,033	290,455	1,408,488
Accrued interest payable	336,796	78,018	414,814
Unearned revenue	1,277	-	1,277
Settlements payable - due within one year	109,300	39,762	149,062
Long-term debt - due within one year (Note 6)	2,133,884	730,907	2,864,791
Total current liabilities	<u>3,699,290</u>	<u>1,139,142</u>	<u>4,838,432</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year (Note 6)	28,414,368	5,483,057	33,897,425
Accrued compensated absences	944,697	-	944,697
Settlements payable - due in more than one year	85,800	39,762	125,562
Other liabilities	-	101,770	101,770
Net pension liabilities	19,204,973	-	19,204,973
Net other post employment benefit obligation	1,941,068	-	1,941,068
Total noncurrent liabilities	<u>50,590,906</u>	<u>5,624,589</u>	<u>56,215,495</u>
Total liabilities	<u>54,290,196</u>	<u>6,763,731</u>	<u>61,053,927</u>
Deferred Inflows of Resources:			
Deferred pension amounts	3,794,258	-	3,794,258
Deferred sewer assessments	-	3,374,451	3,374,451
Total deferred inflows of resources	<u>3,794,258</u>	<u>3,374,451</u>	<u>7,168,709</u>
Net Position:			
Net investment in capital assets	20,930,606	8,176,410	29,107,016
Restricted for:			
Education programs	1,460,583	-	1,460,583
Public safety programs	591,973	-	591,973
Historical records preservation	72,872	-	72,872
Other programs	154,645	-	154,645
Unrestricted	(14,027,167)	2,936,956	(11,090,211)
Total net position	<u>\$ 9,183,512</u>	<u>\$ 11,113,366</u>	<u>\$ 20,296,878</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended June 30, 2015

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Position</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<i>Governmental Activities:</i>							
General government	\$ 1,459,621	\$ 454,267	\$ 87,534	\$ -	\$ (917,820)	\$ -	\$ (917,820)
Financial administration	918,422	67,343	7,540	-	(843,539)	-	(843,539)
Public safety	6,509,291	895,166	85,197	-	(5,528,928)	-	(5,528,928)
Public works	2,570,884	70,797	28,141	-	(2,471,946)	-	(2,471,946)
Grants and contributions	17,575	-	-	-	(17,575)	-	(17,575)
Education	26,909,949	432,366	7,554,622	187,883	(18,735,078)	-	(18,735,078)
Interest on long-term debt	1,324,206	-	1,074,888	-	(249,318)	-	(249,318)
<i>Total governmental activities</i>	<u>39,709,948</u>	<u>1,919,939</u>	<u>8,837,922</u>	<u>187,883</u>	<u>(28,764,204)</u>	<u>-</u>	<u>(28,764,204)</u>
<i>Business-Type Activities:</i>							
Water	477,428	543,099	-	-	-	65,671	65,671
Sewer	2,247,457	1,940,166	-	-	-	(307,291)	(307,291)
<i>Total business-type activities</i>	<u>2,724,885</u>	<u>2,483,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,620)</u>	<u>(241,620)</u>
<i>Total</i>	<u>\$ 42,434,833</u>	<u>\$ 4,403,204</u>	<u>\$ 8,837,922</u>	<u>\$ 187,883</u>	<u>(28,764,204)</u>	<u>(241,620)</u>	<u>(29,005,824)</u>
<i>General Revenues:</i>							
Taxes:							
Property taxes					30,357,316	-	30,357,316
State aid and in lieu of taxes, not restricted for a specific purpose					640,510	-	640,510
Investment earnings					877	2,556	3,433
Miscellaneous					42,413	-	42,413
<i>Transfers</i>					<u>(29,589)</u>	<u>29,589</u>	<u>-</u>
<i>Total general revenues and transfers</i>					<u>31,011,527</u>	<u>32,145</u>	<u>31,043,672</u>
<i>Change in net position</i>					2,247,323	(209,475)	2,037,848
<i>Net position - beginning of year, restated</i>					<u>6,936,189</u>	<u>11,322,841</u>	<u>18,259,030</u>
<i>Net position - end of year</i>					<u>\$ 9,183,512</u>	<u>\$ 11,113,366</u>	<u>\$ 20,296,878</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2015*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Other Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and cash equivalents	\$ 4,777,439	\$ 1,865,722	\$ 1,011,028	\$ 7,654,189
Real estate and personal property tax receivable (net)	1,362,555	-	-	1,362,555
Due from federal and state governments	24,336	13,279	369,582	407,197
Other receivables	134,192	31,620	26,736	192,548
Due from other funds	367,173	333,991	701,332	1,402,496
Prepaid expenditures	-	-	31,109	31,109
Total assets	<u>\$ 6,665,695</u>	<u>\$ 2,244,612</u>	<u>\$ 2,139,787</u>	<u>\$ 11,050,094</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 463,961	\$ 583,066	\$ 65,454	\$ 1,112,481
Due to other funds	1,178,355	86,993	644,259	1,909,607
Unearned revenue	1,277	-	-	1,277
Total liabilities	<u>1,643,593</u>	<u>670,059</u>	<u>709,713</u>	<u>3,023,365</u>
Deferred Inflows of Resources:				
Deferred property taxes	1,106,089	-	-	1,106,089
Other deferred revenues	-	-	26,486	26,486
Total deferred inflows of resources	<u>1,106,089</u>	<u>-</u>	<u>26,486</u>	<u>1,132,575</u>
Fund Balances (Deficits):				
Nonspendable:				
Prepaid expenditures	-	-	31,109	31,109
Restricted for:				
Education programs	-	1,408,154	52,429	1,460,583
Public safety programs	-	-	591,973	591,973
Historical records preservation	-	-	72,872	72,872
Capital projects	-	-	476,785	476,785
Other programs	4,126	-	124,033	128,159
Committed for:				
Accrued sick and vacation	58,866	-	-	58,866
Other postemployment benefits	50,010	-	-	50,010
Revaluation	298,180	-	-	298,180
Capital assets and projects	172,416	-	-	172,416
Branch Village project	67,000	-	-	67,000
Public safety programs	-	-	58,081	58,081
Other	18,500	-	-	18,500
Assigned to:				
Road resurfacing and repairs	152,748	-	-	152,748
Building and field maintenance	-	49,352	-	49,352
Preschool program	-	91,349	-	91,349
Extraordinary special education costs	-	25,698	-	25,698
Other	7,561	-	-	7,561
Unassigned	3,086,606	-	(3,694)	3,082,912
Total fund balances (deficits)	<u>3,916,013</u>	<u>1,574,553</u>	<u>1,403,588</u>	<u>6,894,154</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,665,695</u>	<u>\$ 2,244,612</u>	<u>\$ 2,139,787</u>	<u>\$ 11,050,094</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 6,894,154
 <i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>	
Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 5 to the financial statements.	51,002,073
Accrued interest receivable on property taxes is reported as revenue in Government-Wide financial statements in the period earned. In Governmental Funds financial statements, interest on property taxes is reported when received.	381,627
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	26,486
Property taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as revenue when received in Governmental Funds financial statements.	1,106,089
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(336,796)
Long-term liabilities (including bonds and loans payable, capital leases, settlements, compensated absences, net other post employment benefit obligations, and net pension liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See Note 6 to the financial statements.	(52,834,090)
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in Governmental Funds financial statements.	4,677,516
Deferred outflows and inflows related to pensions are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	
Deferred outflows - pension	2,060,711
Deferred inflows - pension	<u>(3,794,258)</u>
 Net Position of Governmental Activities	 <u><u>\$ 9,183,512</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Other Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:				
Property taxes	\$ 30,949,833	\$ -	\$ -	\$ 30,949,833
Motor vehicle excise in lieu of tax	181,773	-	-	181,773
Intergovernmental and grant revenue	1,607,180	6,904,139	1,153,711	9,665,030
Town clerk licenses and fees	374,644	-	-	374,644
Other departmental fines and fees	384,294	116,556	104,540	605,390
Investment and interest income	32	-	845	877
Other revenues	354,213	30,918	614,450	999,581
Total revenues	<u>33,851,969</u>	<u>7,051,613</u>	<u>1,873,546</u>	<u>42,777,128</u>
Expenditures:				
Current:				
General government	1,231,377	-	31,486	1,262,863
Financial administration	752,647	-	-	752,647
Public safety	4,911,748	-	189,685	5,101,433
Public works	2,154,557	-	24,334	2,178,891
Fixed charges	1,705,908	-	-	1,705,908
Grants and contributions	17,575	-	-	17,575
Settlements	95,000	-	-	95,000
Education	-	24,850,760	1,361,672	26,212,432
Other	-	-	44,111	44,111
Capital outlay	252,185	-	557,672	809,857
Debt service:				
Principal	2,052,063	-	2,314	2,054,377
Interest	1,374,026	-	-	1,374,026
Total expenditures	<u>14,547,086</u>	<u>24,850,760</u>	<u>2,211,274</u>	<u>41,609,120</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>19,304,883</u>	<u>(17,799,147)</u>	<u>(337,728)</u>	<u>1,168,008</u>
Other financing sources (uses):				
Transfers from other funds	-	18,642,223	3,723	18,645,946
Transfers to other funds	<u>(18,669,670)</u>	<u>-</u>	<u>(5,865)</u>	<u>(18,675,535)</u>
Total other financing sources (uses)	<u>(18,669,670)</u>	<u>18,642,223</u>	<u>(2,142)</u>	<u>(29,589)</u>
Net change in fund balances	635,213	843,076	(339,870)	1,138,419
Fund balances (deficits) - beginning of year, restated	<u>3,280,800</u>	<u>731,477</u>	<u>1,743,458</u>	<u>5,755,735</u>
Fund balances (deficits) - end of year	<u>\$ 3,916,013</u>	<u>\$ 1,574,553</u>	<u>\$ 1,403,588</u>	<u>\$ 6,894,154</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in the Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net Changes in Fund Balances - Total Governmental Funds \$ 1,138,419

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds financial statements report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount of capital assets recorded in the current period. 1,104,187

Net book value of capital assets sold is not netted against sales proceeds to arrive at gain or loss on disposal of capital assets in the Governmental Funds financial statements, but net book value of capital assets sold is netted against sales proceeds to arrive at gain or loss on disposal of capital assets in the Government-Wide Statement of Activities. This amount represents net book value of capital assets sold during the current period. (12,718)

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported in the Governmental Funds financial statements. (2,031,943)

Long-term compensated absences, net pension liabilities (assets) and net other post employment benefit (OPEB) obligation are reported in the Government-Wide financial statements, but do not require the use of current financial resources. Therefore, compensated absences, net pension liabilities (assets) and net OPEB obligation are not reported as expenditures in Governmental Funds financial statements. This amount represents the change in these long-term liabilities from the prior year. 445,603

Bond, loan and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.
This amount represents long-term debt payments. 2,054,376

Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year. 49,821

Payments of settlements are expenditures in the Governmental Funds, but reduce long-term liabilities in the Government-Wide Statement of Net Position. 95,000

Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds. (595,422)

Change in Net Position of Governmental Activities \$ 2,247,323

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Net Position

Proprietary Funds

June 30, 2015

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<u><i>Water</i></u>	<u><i>Sewer</i></u>	<u><i>Total</i></u>
	<u><i>Fund</i></u>	<u><i>Fund</i></u>	<u></u>
<i>Assets</i>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 29,255	\$ 2,905,255	\$ 2,934,510
Accounts receivable:			
Water and sewer use fees, net	125,912	67,672	193,584
Sewer assessments, net	-	476,825	476,825
Other	-	201,292	201,292
Due from federal and state government	-	799,791	799,791
Due from other funds	140,498	363,859	504,357
<i>Total current assets</i>	<u>295,665</u>	<u>4,814,694</u>	<u>5,110,359</u>
<i>Noncurrent assets:</i>			
Sewer assessments receivable, net	-	2,958,456	2,958,456
Capital assets:			
Non-depreciable assets	16,141	-	16,141
Depreciable assets - net	2,330,615	10,838,775	13,169,390
<i>Total noncurrent assets</i>	<u>2,346,756</u>	<u>13,797,231</u>	<u>16,143,987</u>
<i>Total assets</i>	<u>2,642,421</u>	<u>18,611,925</u>	<u>21,254,346</u>
<i>Liabilities</i>			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	181,400	109,055	290,455
Accrued interest payable	41,286	36,732	78,018
Due to other funds	-	2,798	2,798
Settlements payable	-	39,762	39,762
Current portion of long term debt	132,188	598,719	730,907
<i>Total current liabilities</i>	<u>354,874</u>	<u>787,066</u>	<u>1,141,940</u>
<i>Noncurrent liabilities:</i>			
Settlements payable	-	39,762	39,762
Long-term debt	1,326,585	4,156,472	5,483,057
Other liabilities	43,300	58,470	101,770
<i>Total noncurrent liabilities</i>	<u>1,369,885</u>	<u>4,254,704</u>	<u>5,624,589</u>
<i>Total liabilities</i>	<u>1,724,759</u>	<u>5,041,770</u>	<u>6,766,529</u>
<i>Deferred inflows of resources</i>			
Deferred sewer assessments	-	3,374,451	3,374,451
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>3,374,451</u>	<u>3,374,451</u>
<i>Net position</i>			
Net investment in capital assets	887,983	7,288,427	8,176,410
Unrestricted	29,679	2,907,277	2,936,956
<i>Total net position</i>	<u>\$ 917,662</u>	<u>\$ 10,195,704</u>	<u>\$ 11,113,366</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Operating revenues			
Assessments and user fees	\$ 521,232	\$ 1,801,002	\$ 2,322,234
Other revenues	21,867	139,164	161,031
Total operating revenues	<u>543,099</u>	<u>1,940,166</u>	<u>2,483,265</u>
Operating expenses			
Salaries and benefits	28,139	153,477	181,616
Service	251,354	884,647	1,136,001
Operating supplies	490	5,383	5,873
Fixed and general charges	53,537	249,945	303,482
Depreciation	77,095	814,735	891,830
Total operating expenses	<u>410,615</u>	<u>2,108,187</u>	<u>2,518,802</u>
Operating income (loss)	<u>132,484</u>	<u>(168,021)</u>	<u>(35,537)</u>
Nonoperating revenues (expenses)			
Interest income	-	2,556	2,556
Interest expense	(66,813)	(139,270)	(206,083)
Total non-operating revenues (expenses)	<u>(66,813)</u>	<u>(136,714)</u>	<u>(203,527)</u>
Income (loss) before transfers	65,671	(304,735)	(239,064)
Transfers in	-	29,589	29,589
Change in net position	65,671	(275,146)	(209,475)
Total net position - beginning of year, restated	<u>851,991</u>	<u>10,470,850</u>	<u>11,322,841</u>
Total net position - end of year	<u>\$ 917,662</u>	<u>\$ 10,195,704</u>	<u>\$ 11,113,366</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<u><i>Water</i></u>	<u><i>Sewer</i></u>	<u><i>Total</i></u>
	<u><i>Fund</i></u>	<u><i>Fund</i></u>	
<i>Cash flows from operating activities</i>			
Cash received from customers	\$ 570,312	\$ 1,928,972	\$ 2,499,284
Cash payments to suppliers for goods and services	(302,507)	(1,513,433)	(1,815,940)
Cash payments to employees for services	(27,986)	(152,613)	(180,599)
<i>Net cash provided by operating activities</i>	<u>239,819</u>	<u>262,926</u>	<u>502,745</u>
<i>Cash flows from non-capital financing activities</i>			
Interfund transactions	(250,484)	(343,865)	(594,349)
Transfers in	-	29,589	29,589
Settlements paid	-	(23,939)	(23,939)
<i>Net cash used for non-capital financing activities</i>	<u>(250,484)</u>	<u>(338,215)</u>	<u>(588,699)</u>
<i>Cash flows from capital and related financing activities</i>			
Acquisition and construction of capital assets	-	(30,598)	(30,598)
Principal paid on bonds and loans	(129,405)	(582,355)	(711,760)
Interest paid on bonds and loans	(67,895)	(143,300)	(211,195)
<i>Net cash used for capital and related financing activities</i>	<u>(197,300)</u>	<u>(756,253)</u>	<u>(953,553)</u>
<i>Cash flows from investing activities</i>			
Investment income	-	2,556	2,556
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>2,556</u>	<u>2,556</u>
<i>Net decrease in cash and cash equivalents</i>	(207,965)	(828,986)	(1,036,951)
<i>Cash and cash equivalents, beginning of year</i>	<u>237,220</u>	<u>3,734,241</u>	<u>3,971,461</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 29,255</u>	<u>\$ 2,905,255</u>	<u>\$ 2,934,510</u>
<i>Noncash non-capital financing activities:</i>			
Decrease in settlement payable	\$ -	\$ 19,650	\$ 19,650

(Continued)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<i>Water</i>	<i>Sewer</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	
<i>Reconciliation of operating income (loss) to net cash provided by operating activities</i>			
Operating income (loss)	\$ 132,484	\$ (168,021)	\$ (35,537)
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>			
Depreciation	77,095	814,735	891,830
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(90,304)	515,573	425,269
(Increase) decrease in other receivables	-	(200,765)	(200,765)
Increase (decrease) in accounts payable and accrued expenses	120,544	(171,829)	(51,285)
Increase (decrease) in deferred sewer assessments	-	(526,767)	(526,767)
<i>Net cash provided by operating activities</i>	\$ 239,819	\$ 262,926	\$ 502,745

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u><i>Private-Purpose Trust</i></u>	<u><i>Agency Funds</i></u>
	<u><i>Buxton Family Association</i></u>	
<i>Assets</i>		
Cash and cash equivalents	\$ 791	\$ 277,947
Accounts receivable	-	11,038
Due from other funds	-	5,552
<i>Total assets</i>	<u>791</u>	<u>294,537</u>
<i>Liabilities</i>		
Deposits held in custody for others	-	294,537
<i>Total liabilities</i>	<u>-</u>	<u>294,537</u>
<i>Net position</i>		
Restricted for other purposes	<u>\$ 791</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<i>Private-Purpose Trust Buxton Family Association</i>
<i>Additions</i>	
Earnings on investments	\$ -
<i>Total additions</i>	-
<i>Deductions</i>	
Miscellaneous	-
<i>Total deductions</i>	-
<i>Change in net position</i>	-
<i>Net position - beginning of year</i>	791
<i>Net position - end of year</i>	\$ 791

The accompanying notes are an integral part of the basic financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The financial statements of the Town of North Smithfield, Rhode Island, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of North Smithfield, Rhode Island was incorporated under the provisions of Chapter 728 of the Public Laws of Rhode Island. The Town operates under a Town Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning, zoning and inspection, and general administrative services.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Town applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61 “Financial Reporting Entity-Omnibus”. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or based on the nature and significance of the organization’s relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading. The Town of North Smithfield does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The Town’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the Town are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the Town’s governmental activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

The Fund Financial Statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Town functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the Fund Financial Statements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the general services that the Town performs for its citizens and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted or reported in another fund.

School Unrestricted Fund – The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town has two Enterprise Funds, which are major funds, as follows:

Water Fund – The Water Fund is used to account for the water use fees and the expenses associated with providing water services to Town residents.

Sewer Fund – The Sewer Fund is used to account for the sewer use and assessment fees and the expenses associated with providing sewer services to Town residents.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include a Private Purpose Trust Fund and Agency Funds. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “*economic resources*” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Private Purpose Trust Funds – This fund accounts for assets held by the Town under a trust arrangement for the benefit of certain individuals.

Agency Funds – These funds account for assets held by the Town for performance bonds, student activities and other activities.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 68 – Financial Reporting for Pensions - an amendment of GASB Statement No. 27, effective for the Town's fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the Town's fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the Town's fiscal year ending June 30, 2015.

The adoption of GASB statement No. 69 did not have an impact on the Town's financial position or results of operations. However, the adoption of GASB Statement Nos. 68 and 71 for the Town's Pension Plans resulted in a restatement of net position in the Government-Wide Financial Statements of (\$17,016,319) as discussed in Note 14.

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

- GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Town's fiscal year ending June 30, 2016.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective for the Town's fiscal years ending June 30, 2016 and June 30, 2017.
- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for the Town's fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for the Town's fiscal year ending June 30, 2018.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the Town's fiscal year ending June 30, 2016.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the Town's fiscal year ending June 30, 2017.

The impact of these pronouncements on the Town's financial statements has not been determined.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. CASH AND CASH EQUIVALENTS

The Town considers cash and cash equivalents in the Proprietary Funds to include cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

E. INVESTMENTS

The Town reports investments at fair value.

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. CAPITAL ASSETS

Capital assets are reported in the Government-Wide Statement of Net Position. In the Fund Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures. Capital assets used in Proprietary Fund operations are accounted for in the same manner as in the Government-Wide Financial Statements.

All capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value as of the date received.

Capitalized assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Infrastructure assets are defined generally as capital assets that are immovable and of value only to the governmental unit, including roads, bridges, sidewalks and street lighting.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20-50
Buildings and improvements	20-50
Motor vehicles, equipment and heavy machinery	5-20
Furniture and office equipment	5-10
Infrastructure	25-40
Water lines and projects	30-65
Sewer mains and laterals	30-65

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

I. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred outflows of resources and deferred inflows of resources are reported for amounts related to the Town's pension plans that will be amortized as a component of pension expense in future years.

J. PROPERTY TAXES

The Town is permitted by state law to levy property taxes. Current tax collections for the Town, including 60 day collections, were approximately 98.18% of the total 2014 levy. The Town's fiscal 2014-2015 property taxes were levied on July 8, 2014 on assessed valuation as of December 31, 2013. Upon levy, taxes are due and payable on August 15 or may be paid quarterly on August 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at approximately 100% of current market value for real estate and 100% of current market value for motor vehicles.

K. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service.

Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are accrued based on the sick leave accumulated as of June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2015.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

L. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Governmental Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Governmental Fund Financial Statements until due.

M. PENSIONS

For the purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Rhode Island, Teachers' Survivor Benefit and Municipal Employees' Retirement System plans and the additions to/ deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$45,259,783. As of June 30, 2015, the Town's debt subject to the legal debt margin is \$13,023,696 and the Town is under the debt limit by \$32,236,087. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES

The following nonmajor governmental funds have deficit fund balances as of June 30, 2015: Trail Grant \$(3,694).

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in three financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and the Statement of Net Position as “Cash and Cash Equivalents”.

	<i>Carrying Amount</i>
Total Deposits	\$10,748,418
Add: Petty cash and cash on hand	53,334
Investments classified as cash and cash equivalents	65,685
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u>65,685</u> <u>\$10,867,437</u>

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described below. As of June 30, 2015, \$11,007,950 of the Town’s bank balance of \$11,535,822 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$527,872
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	8,428,147
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	2,488,231
Uninsured and uncollateralized	91,572
<i>Total</i>	<u>91,572</u> <u>\$11,535,822</u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2015, the Town's uncollateralized deposits with institutions were \$91,572. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – INVESTMENTS

At June 30, 2015, the Town’s investments were as follows:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Government Money Market	N/A	\$ 65,685	S&P - AAAM
		65,685	
Less: Investment classified as cash equivalents		(65,685)	
Total Investments Reported in the Financial Statements		<u><u>\$ -</u></u>	

Interest Rate Risk – The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk –The Town does not have a formal policy that limits investment choices.

Concentration of Credit Risk –The Town does not have a formal policy that limits the amount that can be invested with one issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy governing custodial credit risk. The Town does not have any investments that are subject to custodial credit risk as of June 30, 2015.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 8,720,242	\$ -	\$ -	\$ 8,720,242
	<u>8,720,242</u>	<u>-</u>	<u>-</u>	<u>8,720,242</u>
Depreciable assets:				
Land improvements	3,298,969	-	-	3,298,969
Buildings and improvements	56,471,942	158,740	-	56,630,682
Infrastructure	23,889,526	70,089	-	23,959,615
Machinery, equipment and furniture	6,208,489	351,585	-	6,560,074
Vehicles	4,396,217	523,773	410,155	4,509,835
	<u>94,265,143</u>	<u>1,104,187</u>	<u>410,155</u>	<u>94,959,175</u>
Total capital assets	<u>102,985,385</u>	<u>1,104,187</u>	<u>410,155</u>	<u>103,679,417</u>
Less accumulated depreciation for:				
Land improvements	1,782,526	109,713	-	1,892,239
Buildings and improvements	17,148,369	1,383,730	-	18,532,099
Infrastructure	23,293,856	86,272	-	23,380,128
Machinery, equipment and furniture	5,011,444	252,286	-	5,263,730
Vehicles	3,806,643	199,942	397,437	3,609,148
	<u>51,042,838</u>	<u>2,031,943</u>	<u>397,437</u>	<u>52,677,344</u>
Total accumulated depreciation	<u>51,042,838</u>	<u>2,031,943</u>	<u>397,437</u>	<u>52,677,344</u>
Governmental activities capital assets, net	<u>\$ 51,942,547</u>	<u>\$ (927,756)</u>	<u>\$ 12,718</u>	<u>\$ 51,002,073</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 16,141	\$ -	\$ -	\$ 16,141
	<u>16,141</u>	<u>-</u>	<u>-</u>	<u>16,141</u>
Depreciable assets:				
Land improvements	32,405	-	-	32,405
Buildings and improvements	2,346,289	-	-	2,346,289
Infrastructure	11,348,392	-	-	11,348,392
Machinery, equipment and furniture	18,990,732	30,600	-	19,021,332
Vehicles	139,110	-	-	139,110
	<u>32,856,928</u>	<u>30,600</u>	<u>-</u>	<u>32,887,528</u>
Total capital assets	<u>32,873,069</u>	<u>30,600</u>	<u>-</u>	<u>32,903,669</u>
Less accumulated depreciation for:				
Land improvements	14,380	863	-	15,243
Buildings and improvements	702,418	46,926	-	749,344
Infrastructure	5,462,729	150,339	-	5,613,068
Machinery, equipment and furniture	12,574,529	675,801	-	13,250,330
Vehicles	72,252	17,901	-	90,153
	<u>18,826,308</u>	<u>891,830</u>	<u>-</u>	<u>19,718,138</u>
Total accumulated depreciation	<u>18,826,308</u>	<u>891,830</u>	<u>-</u>	<u>19,718,138</u>
Business-type activities capital assets, net	<u>\$ 14,046,761</u>	<u>\$ (861,230)</u>	<u>\$ -</u>	<u>\$ 13,185,531</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Depreciation expense was charged as follows:

Governmental activities:	
General government	\$ 73,264
Public safety	203,850
Public works	227,291
Education	1,527,538
Total depreciation expense, governmental activities	\$ 2,031,943
Business-type activities:	
Water fund	\$ 77,095
Sewer fund	814,735
Total depreciation expense, business-type activities	\$ 891,830

NOTE 6 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds, loans and capital leases payable:					
Bonds and loans payable	\$ 31,698,000	\$ -	\$ 1,843,000	\$ 29,855,000	\$ 1,919,000
Capital leases	904,628	-	211,376	693,252	214,884
Total bonds, loans and capital leases	32,602,628	-	2,054,376	30,548,252	2,133,884
Other liabilities:					
Accrued compensated absences	966,535	-	21,838	944,697	-
Settlements payable	290,100	-	95,000	195,100	109,300
Net other postemployment benefit obligation	1,609,518	331,550	-	1,941,068	-
Net pension liabilities	21,979,153	-	2,774,180	19,204,973	-
Total Governmental Activities					
Long-Term Liabilities	\$ 57,447,934	\$ 331,550	\$ 4,945,394	\$ 52,834,090	\$ 2,243,184
Business-type activities:					
Bonds, loans and capital leases payable:					
Bonds and loans payable	\$ 6,795,223	\$ -	\$ 686,527	\$ 6,108,696	\$ 705,248
Capital leases	130,500	-	25,232	105,268	25,659
Total bonds, loans and capital leases	6,925,723	-	711,759	6,213,964	730,907
Other liabilities:					
Settlements payable	123,112	-	43,588	79,524	39,762
Total Business-Type Activities					
Long-Term Liabilities	\$ 7,048,835	\$ -	\$ 755,347	\$ 6,293,488	\$ 770,669

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

All debt of the Government Activities is general obligation debt. The payments on the bonds, loans, and capital leases are paid from the General Fund. The payments on the bonds, loans, and capital leases in the Business-Type Activities are paid from the Water Fund and Sewer Fund. The compensated absences are paid from the General Fund and School Unrestricted Fund. The net other postemployment benefit obligation and net pension liabilities will be paid from the General Fund and School Unrestricted Fund.

B. GENERAL OBLIGATION BONDS AND LOANS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2015 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities Bonds and Loans Payable</i>		<i>Business-Type Activities Bonds and Loans Payable</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2016	\$ 1,919,000	\$ 1,278,649	\$ 705,248	\$ 186,810
2017	1,990,000	1,199,468	403,085	169,154
2018	2,076,000	1,115,309	411,424	156,416
2019	2,213,000	1,022,923	419,102	143,225
2020	2,249,000	932,931	433,985	129,258
2021-2025	12,028,000	3,263,404	1,753,210	457,676
2026-2030	7,380,000	676,508	1,631,648	208,901
2031-2035	-	-	156,400	74,070
2036-2040	-	-	194,594	30,860
	<u>\$ 29,855,000</u>	<u>\$ 9,489,192</u>	<u>\$ 6,108,696</u>	<u>\$ 1,556,370</u>

C. CAPITAL LEASE COMMITMENTS

The Town acquired equipment and vehicles valued at \$1,137,553 that were financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2015.

Obligations of Governmental and Business-Type Activities under capital leases as of June 30, 2015 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
	<i>Lease Payment Requirements</i>	<i>Lease Payment Requirements</i>
2016	\$ 226,131	\$ 27,438
2017	226,131	27,438
2018	174,808	27,438
2019	90,676	27,438
Total minimum lease payments	717,746	109,752
Less: Amount representing interest cost	(24,494)	(4,484)
Present value of minimum lease payments	<u>\$ 693,252</u>	<u>\$ 105,268</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Financial Statements

June 30, 2015

D. SCHEDULE OF BONDS AND LOANS PAYABLE

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2014</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2015</u>
Governmental Activities:								
School loan	9/2/2010	3.84%	4/1/2026	\$ 3,550,000	\$ 3,235,000	\$ -	\$ 155,000	\$ 3,080,000
School loan	5/14/2008	3.50-5.00%	4/1/2028	30,000,000	24,215,000	-	1,275,000	22,940,000
General obligation bond	7/1/2007	4.125-5.50%	7/1/2027	2,100,000	1,490,000	-	105,000	1,385,000
School general obligation bond	12/15/2008	3.125-5.00%	12/15/2028	700,000	525,000	-	35,000	490,000
Refunded general obligation bond	6/12/2012	1.89%	10/15/2021	2,068,000	1,688,000	-	228,000	1,460,000
General obligation bond	12/30/2013	2.25%	12/15/2023	545,000	545,000	-	45,000	500,000
				<u>38,963,000</u>	<u>31,698,000</u>	<u>-</u>	<u>1,843,000</u>	<u>29,855,000</u>
Business-Type Activities:								
Water Fund:								
Water bond	5/11/1982	5.00%	5/11/2022	50,000	18,702	-	1,973	16,729
Water bond	5/16/1995	6.00%	5/16/2020	500,000	190,923	-	27,578	163,345
Water bond	8/26/1999	5.00%	8/26/2039	790,900	662,217	-	12,967	649,250
Shell oil bond	9/16/1997	5.50%	9/16/2022	500,000	258,835	-	23,023	235,812
Refunded general obligation bond	6/12/2012	1.89%	10/15/2021	517,000	422,000	-	57,000	365,000
				<u>2,357,900</u>	<u>1,552,677</u>	<u>-</u>	<u>122,541</u>	<u>1,430,136</u>
Sewer Fund:								
Sewer general obligation bond	12/15/2008	3.125-5.00%	12/15/2028	1,000,000	800,000	-	50,000	750,000
Mendon road project #1 bond	12/18/1990	7.25%	12/18/2020	303,000	131,254	-	15,338	115,916
Mendon road project #2 bond	4/7/1992	6.625%	4/7/2020	60,000	25,446	-	3,010	22,436
Clean water revolving loan	10/6/2009	0.49-1.93%	9/1/2029	4,750,000	3,678,346	-	197,388	3,480,958
Clean water sewer project #2 loan	3/10/1993	3.11073%	9/1/2015	4,500,000	607,500	-	298,250	309,250
				<u>10,613,000</u>	<u>5,242,546</u>	<u>-</u>	<u>563,986</u>	<u>4,678,560</u>
				<u>12,970,900</u>	<u>6,795,223</u>	<u>-</u>	<u>686,527</u>	<u>6,108,696</u>
				<u>\$ 51,933,900</u>	<u>\$ 38,493,223</u>	<u>\$ -</u>	<u>\$ 2,529,527</u>	<u>\$ 35,963,696</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2015 were as follows:

	<i>Due From:</i>				<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Sewer Fund</i>	
<i>Due To:</i>					
General Fund	\$ -	\$ -	\$ 367,173	\$ -	\$ 367,173
School Unrestricted Fund	-	-	333,991	-	333,991
Nonmajor Governmental Funds	671,244	86,993	(56,905)	-	701,332
Water Fund	137,700	-	-	2,798	140,498
Sewer Fund	363,859	-	-	-	363,859
Agency Funds	5,552	-	-	-	5,552
Total	\$ 1,178,355	\$ 86,993	\$ 644,259	\$ 2,798	\$ 1,912,405

The balances primarily result from the time lag between the dates the 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made.

NOTE 8 – INTERFUND TRANSFERS

	<i>Transfer From:</i>		<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	
<i>Transfer To:</i>			
School Unrestricted Fund	\$ 18,642,223	\$ -	\$ 18,642,223
Nonmajor Governmental Funds	3,723	-	3,723
Sewer Fund	23,724	5,865	29,589
Total	\$ 18,669,670	\$ 5,865	\$ 18,675,535

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year, except for CDBG loan receivables which are due in accordance with individual loan amortization schedules and sewer assessment receivables which are payable over 20 years. The following allowances for doubtful accounts are included in the financial statements:

<u>Fund/Description</u>	<u>Allowance for Doubtful Accounts</u>
Governmental Activities/General Fund – Real estate and personal property tax receivable	\$381,417
Governmental Activities – Accrued interest receivable	\$160,678
Business-Type Activities/Water Fund – Use fees receivable	\$1,272
Business-Type Activities/Sewer Fund – Use fees receivable	\$2,093
Business-Type Activities/Sewer Fund – Sewer assessments receivable	\$133,856

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 265,435	\$ 198,477	\$ 49	\$ 463,961
School Unrestricted Fund	196,290	386,776	-	583,066
Nonmajor Governmental Funds	59,647	5,807	-	65,454
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	5,552	5,552
Total Governmental Activities	\$ 521,372	\$ 591,060	\$ 5,601	\$ 1,118,033
Business-Type Activities:				
Water Fund	\$ 80,891	\$ 153	\$ 100,356	\$ 181,400
Sewer Fund	108,191	864	-	109,055
Total Business-Type Activities	\$ 189,082	\$ 1,017	\$ 100,356	\$ 290,455

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – NET POSITION/FUND BALANCES

The Government-Wide Financial Statements and Proprietary Fund Statements utilize a net position presentation. Net position is segregated into the following three categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents balances limited to uses specified either externally by creditors, grantors, contributors, laws or regulations of other governments or imposed through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the residual component of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. inventories, prepaid amounts, and noncurrent receivables).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by an ordinance or resolution adopted by the Town Council. Assigned fund balances are authorized by the Town Council or an

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

official that the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

NOTE 11 – DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

A. DIFFERENCES BETWEEN GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET POSITION

The total fund balances for Governmental Funds of \$6,894,154 differs from the total net position for Governmental Activities \$9,183,512 reported in the Statement of Net Position. The differences arise primarily from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Funds Balance Sheet. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Position:

	Total Governmental Funds	Long-Term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Position Totals
Assets:				
Cash and cash equivalents	\$ 7,654,189	\$ -	\$ -	\$ 7,654,189
Real and personal property				
tax receivable, net	1,362,555	-	-	1,362,555
Due from federal and state governments	407,197	-	-	407,197
Accrued interest receivable, net	-	381,627	-	381,627
Other receivables	192,548	-	-	192,548
Internal balances	1,402,496	-	(1,904,055)	(501,559)
Prepaid expenditures	31,109	-	-	31,109
Capital assets, net	-	51,002,073	-	51,002,073
Net pension assets	-	4,677,516	-	4,677,516
Total assets	\$ 11,050,094	\$ 56,061,216	\$ (1,904,055)	\$ 65,207,255
Total deferred outflows of resources	\$ -	\$ 2,060,711	\$ -	\$ 2,060,711
Liabilities:				
Accounts payable and accrued expenditures	\$ 1,112,481	\$ -	\$ 5,552	\$ 1,118,033
Accrued interest payable	-	336,796	-	336,796
Internal balances	1,909,607	-	(1,909,607)	-
Unearned revenue	1,277	-	-	1,277
Long-term liabilities:				
Due within one year	-	2,243,184	-	2,243,184
Due in more than one year	-	50,590,906	-	50,590,906
Total liabilities	\$ 3,023,365	\$ 53,170,886	\$ (1,904,055)	\$ 54,290,196
Total deferred inflows of resources	\$ 1,132,575	\$ 2,661,683	\$ -	\$ 3,794,258
Total fund balances/net position	\$ 6,894,154	\$ 2,289,358	\$ -	\$ 9,183,512

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) When capital assets (land, buildings, equipment) that are to be used in Governmental Activities are purchased or constructed, the cost of these assets are reported as expenditures in Governmental Funds. However, the Statement of Net Position includes those capital assets of the Town as a whole.

Cost of capital assets	\$ 103,679,417
Accumulated depreciation	(52,677,344)
	\$ 51,002,073

Because the focus of Governmental Funds is on short term financing some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the Governmental Funds and thus are not included in the fund balances.

Adjustment of deferred revenue	\$ (1,132,575)
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Accrued interest receivable on property taxes is reported as revenue in the Government-Wide financial statements in the period earned and in the Governmental Funds when received.

	\$ 381,627
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Long-term liabilities (assets) applicable to the Town's Governmental Activities are not due and payable in the current period and accordingly are not reported as fund assets or liabilities. All assets and liabilities, both current and long-term, are reported in the Statement of Net Position. Deferred inflows and outflows related to long-term liabilities (assets) are also not reported in the Governmental Funds.

Bonds and loans payable	\$ 29,855,000
Capital leases payable	693,252
Accrued compensated absences	944,697
Settlements payable	195,100
Net OPEB obligation	1,941,068
Net pension liabilities	19,204,973
Accrued interest payable	336,796
	\$ 53,170,886
Net pension assets	\$ 4,677,516
Deferred outflows - pension	\$ 2,060,711
Deferred inflows - pension	\$ 3,794,258

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

B. DIFFERENCES BETWEEN GOVERNMENTAL FUNDS OPERATING STATEMENT AND STATEMENT OF ACTIVITIES

The net change in the fund balances for Governmental Funds of \$1,138,419 differs from the change in net position for Governmental Activities \$2,247,323 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the Governmental Funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities:

	Total Governmental Funds	Long-Term Revenues/ Expenses (1)	Capital- Related Items (2)	Long-Term Liability Transactions (3)	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Property taxes	\$ 30,949,833	\$ (592,517)	\$ -	\$ -	\$ -	\$ 30,357,316
Motor vehicle excise in lieu of tax	181,773		-	-	(181,773)	-
Intergovernmental and grant revenue	9,665,030	(194,846)	-	-	196,131	9,666,315
Town clerk licenses and fees	374,644	-	-	-	-	374,644
Other departmental fines and fees	605,390	-	-	-	939,905	1,545,295
Investment and interest income	877	-	-	-	-	877
Other revenues	999,581	(2,905)	-	-	(954,263)	42,413
Total revenues	<u>42,777,128</u>	<u>(790,268)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,986,860</u>
Expenditures:						
Current:						
General government	1,262,863	-	56,121	(359,851)	500,488	1,459,621
Financial administration	752,647	-	-	(14,860)	180,635	918,422
Public safety	5,101,433	-	194,297	376,057	837,504	6,509,291
Public works	2,178,891	-	157,202	343	234,448	2,570,884
Fixed charges	1,705,908	-	-	-	(1,705,908)	-
Grants and contributions	17,575	-	-	-	-	17,575
Settlements	95,000	-	-	(95,000)	-	-
Education	26,212,432	(194,846)	1,339,655	(447,292)	-	26,909,949
Other	44,111	-	-	-	(44,111)	-
Capital outlay	809,857	-	(806,801)	-	(3,056)	-
Debt service:						
Principal	2,054,377	-	-	(2,054,376)	(1)	-
Interest	1,374,026	(49,821)	-	-	1	1,324,206
Total expenditures	<u>41,609,120</u>	<u>(244,667)</u>	<u>940,474</u>	<u>(2,594,979)</u>	<u>-</u>	<u>39,709,948</u>
Other financing sources (uses):						
Transfer from (to) other funds	(29,589)	-	-	-	-	(29,589)
Total other financing sources (uses)	<u>(29,589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,589)</u>
Net change for the year	<u>\$ 1,138,419</u>	<u>\$ (545,601)</u>	<u>\$ (940,474)</u>	<u>\$ 2,594,979</u>	<u>\$ -</u>	<u>\$ 2,247,323</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Because some property taxes and other revenues will not be collected soon enough after the Town's fiscal year end, they are not considered to be "available" revenues in the Governmental Funds.

Change in deferred property taxes	\$ (592,517)
Change in other deferred revenues	(2,905)
	<u>\$ (595,422)</u>

Accrued interest on long-term debt is reported in the government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, it is not reported in the Governmental Funds financial statements.

Change in accrued interest payable	<u>\$ (49,821)</u>
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Change in on-behalf pension payments made by the State related to recording the net pension liability in the Government-Wide Statement of Activities.

Change in intergovernmental and grant revenue	<u>\$ (194,846)</u>
Change in education expense	<u>\$ (194,846)</u>

(2) When capital assets that are to be used in Governmental Activities are purchased or constructed, the resources expended for those assets are reported as expenditures in Governmental Funds. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ (1,104,187)
Depreciation expense	2,031,943
Loss on disposal of capital assets	12,718
	<u>\$ 940,474</u>

(3) Repayment of debt principal is reported as an expenditure in the Governmental Funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the Town as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Bond principal payments made	\$ (1,843,000)
Lease principal payments made	(211,376)
	<u>\$ (2,054,376)</u>

Certain accrued expenditures that do not use current financial resources are not reported in the Governmental Funds financial statements. However, in the Statement of Activities these accrued expenses are recognized and charged to current activities.

Net decrease in compensated absences	\$ (21,838)
Settlement payments made	(95,000)
Net increase in net OPEB obligation	331,550
Net change in net pension liabilities (assets) and related deferred outflows/inflows	(755,315)
	<u>\$ (540,603)</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – RISK MANAGEMENT

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

NOTE 13 – LITIGATION AND CONTINGENCIES

A. LITIGATION

The Town is a party to various claims, legal actions and complaints. The potential liability to the Town, if any or an evaluation of the outcome of these matters cannot be made at the present time.

B. FEDERALLY FUNDED PROGRAMS

The Town participates in a number of federally funded programs. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

C. CONTINGENCIES

The Town is disputing invoices received from the Woonsocket Regional Wastewater Commission (WRWC) relating to host fees of \$201,065 for fiscal year 2015 and \$197,734 for fiscal year 2014. The fiscal year 2015 invoice was paid by the Town in error and has been reported in the Sewer Fund as a receivable due from WRWC as of June 30, 2015. The fiscal year 2014 invoice has not been paid to date. Neither invoice has been reported as an expense in the Sewer Fund. The Town is currently negotiating a new agreement with the Woonsocket Regional Wastewater Commission and may ultimately be required to pay all or part of the fiscal year 2014 host fees and/or recognize the expense for the fiscal year 2015 host fees. If the Town and WRWC fail to reach a new agreement, the Town has until November 1, 2016 to make other arrangements for wastewater treatment service.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – RESTATEMENTS

The net position of the Governmental Activities has been restated to reflect adjustments related to the adoption of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,” and GASB Statement No.71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,” in fiscal year 2015. The following corrections and reclassifications have also been reported in the Governmental Activities, Business-Type Activities, General Fund, School Unrestricted Fund, Nonmajor Governmental Funds, Water Fund, Sewer Fund and School Lunch Fund:

	<i>Governmental Funds</i>			
	<i>Governmental Activities</i>	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Nonmajor Governmental Funds</i>
Net position/fund balance, June 30, 2014, as previously reported	\$ 23,295,459	\$ 3,241,709	\$ 668,770	\$ 1,737,029
Adopt GASB Statements No. 68 and No. 71	(17,016,319)	-	-	-
Record interest receivable on property taxes	381,627	-	-	-
Reclassify School Lunch Fund	65,079	-	-	65,079
Reclassify long-term liabilities to correct fund/activity	253,612	-	-	-
Correct accrued compensated absences	(134,056)	-	-	-
Correct capital lease payable	18,248	-	-	-
Record fund not previously reported	4,057	-	-	4,057
Record loans receivable	29,391	-	-	-
Correct deferred revenue	25,575	25,575	-	-
Correct tax title liability	21,387	21,387	-	-
Correct other liability	(7,871)	(7,871)	-	-
Reclassify NS Preschool Fund	-	-	62,707	(62,707)
<i>Net position /fund balance June 30, 2014, as restated</i>	<u>\$ 6,936,189</u>	<u>\$ 3,280,800</u>	<u>\$ 731,477</u>	<u>\$ 1,743,458</u>

	<i>Proprietary Funds</i>			
	<i>Business-Type Activities</i>	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>School Lunch Fund</i>
Net position, June 30, 2014, as previously reported	\$ 11,387,878	\$ 887,491	\$ 10,435,308	\$ 65,079
Reclassify School Lunch Fund	(65,079)	-	-	(65,079)
Reclassify long-term liabilities to correct fund/activity	(253,612)	(35,500)	(218,112)	-
Record principal forgiveness on loan payable	253,654	-	253,654	-
<i>Net position June 30, 2014, as restated</i>	<u>\$ 11,322,841</u>	<u>\$ 851,991</u>	<u>\$ 10,470,850</u>	<u>\$ -</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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NOTE 15 – OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description

The Town of North Smithfield administers a single-employer, defined benefit post-employment benefit plan. The plan does not include the pension benefits discussed in Note 16. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contracts through negotiations between the Town and the respective unions.

The plan does not issue a stand-alone financial report.

The Town provides health care and dental insurance for retirees who meet certain service requirements with no benefits beyond age 65. For School Department employees, individual plan benefits only are afforded to teachers that qualify for up to seven years with no benefits beyond age 65 and individual plan benefits only are afforded to support staff that qualify for up to five years with no benefits beyond age 65. Generally, an employee may retire at any age after 20 years of service (25 for teachers). Certain other minimum age/service requirements may apply. The Town generally pays 82%-100% toward medical and dental coverage, depending on employee category (police, teachers, other Town, other School).

As of July 1, 2013, the plan membership data is as follows:

Active participants	289
Retired participants	30
	<hr/> 319 <hr/>

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of health care and dental benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2015, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2015, the Town contributed \$478,052 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$849,390
Interest on net OPEB obligation	64,381
Adjustment to annual required contribution	(104,169)
Annual OPEB cost	<u>809,602</u>
Contributions made	478,052
Increase in net OPEB obligation	<u>331,550</u>
Net OPEB obligation, beginning of year	1,609,518
Net OPEB obligation, end of year	<u><u>\$1,941,068</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<i>Fiscal Year</i>	<i>Annual</i>	<i>Percentage of Annual</i>	<i>Net OPEB</i>
<u><i>Ended</i></u>	<u><i>OPEB Cost</i></u>	<u><i>OPEB Cost</i></u>	<u><i>Obligation</i></u>
6/30/13	\$645,096	62.5%	\$1,396,215
6/30/14	\$756,422	71.8%	\$1,609,518
6/30/15	\$809,602	59.0%	\$1,941,068

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2013, the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$7,141,640
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$7,141,640</u></u>
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%
Annual Covered Payroll (Active Plan Members)	\$17,746,038
UAAL as a Percentage of Covered Payroll	40.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The July 1, 2013 actuarial valuation used the projected unit credit actuarial funding method. Under this funding method, projected benefits are assumed to accrue on a straight line basis from the date of hire to the date of retirement for each participant. Normal cost for a participant is the present value of the projected benefit which accrues in the current plan year. Normal cost for the plan is the sum of the normal costs for all participants. The actuarial assumptions included: a) 4% discount rate; b) medical cost trend rate – 9% per year graded down to an ultimate rate of 5% per year in 2020; and c) dental cost trend rate – 5%. The unfunded actuarial accrued liability as of July 1, 2013 is being amortized using the level dollar 30-year open amortization basis. The actuarial value of assets is equal to fair market value.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS

Effective July 1, 2012, the Employees' Retirement System of Rhode Island (ERS) was modified to include both defined benefit and defined contribution plan components.

Defined Benefit Plan

General Information about the Pension Plan

Plan Description - Certain employees of the North Smithfield School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans administered by the System. The report may be obtained at <http://www.ersri.org>.

Benefit Provisions – The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

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Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, North Smithfield School Department teachers were required to contribute 3.75% of their annual covered salary. The State and the North Smithfield School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the North Smithfield School Department; the rates were 8.77% and 12.79% of annual covered payroll for the fiscal year ended June 30, 2015 for the State and the North Smithfield School Department, respectively. The North Smithfield School Department contributed \$1,507,040, \$1,343,812 and \$1,188,595 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,009,880 for fiscal year 2015 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the North Smithfield School Department reported a liability of \$17,097,279 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the North Smithfield School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the North Smithfield School Department were as follows:

North Smithfield School Department's proportionate share of the net pension liability	\$17,097,279
State's proportionate share of the net pension liability associated with the North Smithfield School Department	<u>11,724,392</u>
Total net pension liability	<u><u>\$28,821,671</u></u>

The net pension liability was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The North Smithfield School Department's proportion of the net pension liability was based on a projection of the North Smithfield School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2014 the North Smithfield School Department's proportion was 0.70243536%.

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%

For the year ended June 30, 2015, the North Smithfield School Department recognized in the Government-Wide financial statements gross pension expense of \$2,003,570 and revenue of \$815,034 for support provided by the State. At June 30, 2015, the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	<u>\$1,507,040</u>
Deferred inflows of resources:	
Change of assumptions	\$605,618
Net difference between projected and actual earnings on pension plan investments	<u>1,472,259</u>
Total	<u>\$2,077,877</u>

\$1,507,040 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(453,810)
2017	\$(453,810)
2018	\$(453,810)
2019	\$(453,810)
2020	\$(85,745)
thereafter	\$(176,892)

Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively, of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission’s investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability calculated using the discount rate of 7.5 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$21,412,229	\$17,097,279	\$12,693,790

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (System). Employees may choose among various investment options available to plan participants.

Employees contribute 7% of their annual covered salary and employers contribute 3% of annual covered salary. The employer contribution is split between the State and the school department. For fiscal 2015, the total employer rate of 3% was split as follows: 0.40% State share and 2.60% local share. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The North Smithfield School Department recognized pension expense of \$350,223 and employees contributed \$817,183 for the fiscal year ended June 30, 2015. For financial reporting purposes, the State's share of contributions totaling \$46,061 for fiscal year 2015 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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B. TEACHERS' SURVIVOR BENEFIT PLAN

General Information about the Pension Plan

Plan Description - Certain employees of the North Smithfield School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit (TSB) plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans administered by the System. The report may be obtained at <http://www.ersri.org>.

Eligibility and Plan Benefits - The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit are subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouse's Benefit
\$17,000 or less	\$750
\$17,001 to \$25,000	\$875
\$25,001 to \$33,000	\$1,000
\$33,001 to \$40,000	\$1,125
\$40,001 and over	\$1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The North Smithfield School Department contributed \$16,354, \$16,437, and \$16,223 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015 the North Smithfield School Department reported an asset of \$3,354,582 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2014, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. The North Smithfield School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2014 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2014 the North Smithfield School Department's proportion was 2.69832872%

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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For the year ended June 30, 2015 the North Smithfield School Department recognized pension expense of (\$258,583) – an increase in the net pension asset. At June 30, 2015 the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	<u>\$16,354</u>
Deferred inflows of resources:	
Net difference between projected and actual earnings on pension plan investments	<u>\$439,019</u>

\$16,354 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department’s contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as an addition to the net pension asset for the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(109,755)
2017	\$(109,755)
2018	\$(109,755)
2019	\$(109,754)

Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

Cost of Living Adjustments – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset calculated using the discount rate of 7.5 percent as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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1.00% Decrease	Current Discount Rate	1.00 Increase
<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
\$2,874,829	\$3,354,582	\$3,834,266

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

C. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND PLANS

Effective July 1, 2012, the Municipal Employees’ Retirement System (MERS) was modified to include both defined benefit and defined contribution plan components. General employees participate in a hybrid plan that combines both a defined benefit plan and a defined contribution plan. Police and fire employees participate only in the defined benefit plan unless they do not participate in Social Security in which case they also participate in the defined contribution plan.

Defined Benefit Plans

General Information about the Pension Plan

Plan Description - The Municipal Employees’ Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee’s Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at <http://www.ersri.org>.

Benefits Provided – For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member’s final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member’s full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits and certain lump sum death benefits.

Plan members are vested after five years of service.

An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded, eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Employees Covered by Benefit Terms - At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries Inactive, Nonretired	65	19
Members	58	1
Active Members	95	25
Total	218	45

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 1% of their salaries. Police officers are required to contribute 7% of their salaries. The Town of North Smithfield contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of North Smithfield contributed the following amounts in the year ended June 30, 2015: general employees plan - \$202,160 and police officers plan - \$312,414. The Town's contributions represented the following percentages of annual covered payroll: general employees plan – 6.18%; police officers plan – 19.76%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2014 Measurement Date (June 30, 2013 valuation rolled forward to June 30, 2014)	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> • Male Employees, MERS General and MERS Police: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS Police: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount Rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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General Employees Plan
Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balances as of June 30, 2013	\$12,312,800	\$12,859,982	\$(547,182)
Changes for the Year:			
Service cost	323,197		323,197
Interest on the total pension liability	906,468		906,468
Changes in benefits			
Difference between expected and actual experience			
Changes in assumptions	29,011		29,011
Employer contributions		193,061	(193,061)
Employee contributions		77,177	(77,177)
Net investment income		1,880,372	(1,880,372)
Benefit payments, including employee refunds	(776,322)	(776,322)	
Administrative expense		(11,775)	11,775
Other changes		(104,407)	104,407
Net changes	482,354	1,258,106	(775,752)
Balances as of June 30, 2014	\$12,795,154	\$14,118,088	\$(1,322,934)

Police Officers Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2013	\$10,651,041	\$8,041,682	\$2,609,359
Changes for the Year:			
Service cost	234,523		234,523
Interest on the total pension liability	783,066		783,066
Changes in benefits			
Difference between expected and actual experience			
Changes in assumptions	(61,666)		(61,666)
Employer contributions		182,437	(182,437)
Employee contributions		104,549	(104,549)
Net investment income		1,177,979	(1,177,979)
Benefit payments, including employee refunds	(654,847)	(654,847)	
Administrative expense		(7,376)	7,376
Other changes		(1)	1
Net changes	301,076	802,741	(501,665)
Balances as of June 30, 2014	\$10,952,117	\$8,844,423	\$2,107,694

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Subsequent to June 30, 2014 (the measurement date), litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability (asset) at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability (asset) had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. Actuarial analyses of the pension settlement provisions enacted by the General Assembly and approved by the Court for each MERS employer unit as of June 30, 2014 are available at the ERSRI’s website at <http://www.ersri.org>.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the employer calculated using the discount rate of 7.5 percent, as well as what the employer’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Plan	1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
General Employees	\$37,125	\$(1,322,934)	\$(2,682,992)
Police Officers	\$3,270,846	\$2,107,694	\$944,543

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense as follows: general employees plan - \$145,932; and police officers plan - \$206,768. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	General Employees Plan	Police Officers Plan
Deferred Outflows of Resources:		
Assumption changes	\$ 22,743	\$ -
Contributions subsequent to the measurement date	202,160	312,414
Total	\$224,903	\$ 312,414
 Deferred Inflows of Resources:		
Assumption changes	\$ -	\$ 54,857
Net difference between projected and actual investment earnings	751,366	471,139
Total	\$751,366	\$525,996

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2015 subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows/ (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources	
	General Employees Plan	Police Officers Plan
2016	\$ (181,574)	\$ (124,594)
2017	(181,574)	(124,594)
2018	(181,574)	(124,594)
2019	(183,901)	(124,593)
2020	-	(6,809)
Thereafter	-	(20,812)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Defined Contribution Plan

Plan Description

General employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

General employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Town of North Smithfield recognized pension expense of \$32,656 and employees contributed \$163,269 for the fiscal year ended June 30, 2015.

The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	Deferred Outflows of Resources – Pension Amounts	Deferred Inflows of Resources – Pension Amounts	Net Pension Asset	Net Pension Liability	Pension Expense
Employees’ Retirement System Plan	\$1,507,040	\$2,077,877	\$ -	\$17,097,279	\$2,003,570
Teachers’ Survivor Benefits Plan	16,354	439,019	3,354,582	-	(258,583)
General Employees Plan	224,903	751,366	1,322,934	-	145,932
Police Officers Plan	312,414	525,996	-	2,107,694	206,768
Total	\$2,060,711	\$3,794,258	\$4,677,516	\$19,204,973	\$2,097,687

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Schedule of Funding Progress – Other Postemployment Benefit Plan

Schedule of Town’s Proportionate Share of the Net Pension Liability – Pension Plans

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios – Pension Plans

Schedule of Town Contributions – Pension Plans

Budgetary Comparison Schedules - General Fund & School Unrestricted Fund

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information - Other Post Employment Benefit Plan
Schedule of Funding Progress (1)
"Unaudited"

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) (2)</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability as a Percentage of Covered Payroll</i>
Other Post Employment Benefit Plan	07/01/2009	\$0	\$5,796,707	\$5,796,707	0.0%	\$15,979,607	36.3%
	07/01/2011	\$0	\$6,291,808	\$6,291,808	0.0%	\$14,929,351	42.1%
	07/01/2013	\$0	\$7,141,640	\$7,141,640	0.0%	\$17,746,038	40.2%

(1) The information included in the schedule of funding progress was obtained from the actuarial valuation at the date indicated.

(2) Projected Unit Credit Actuarial Cost Method

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Employees' Retirement System Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
Town's proportion of the net pension liability	0.70243536%
Town's proportionate share of the net pension liability	\$ 17,097,279
State's proportionate share of the net pension liability associated with the Town	<u>11,724,392</u>
Total	<u><u>\$ 28,821,671</u></u>
Town's covered-employee payroll	\$ 11,842,195
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	144.38%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Teachers' Survivor Benefit Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Asset (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
Town's proportion of the net pension asset	2.69832872%
Town's proportionate share of the net pension asset	\$ 3,354,582
Town's covered-employee payroll	\$ 11,842,195
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	28.33%
Plan fiduciary net position as a percentage of the total pension liability	173.30%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
General Employees Pension Plan
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
Total pension liability:	
Service cost	\$ 323,197
Interest	906,468
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	29,011
Benefits payments, including refunds of member contributions	<u>(776,322)</u>
Net change in total pension liability	482,354
Total pension liability - beginning	<u>12,312,800</u>
Total pension liability - ending (a)	<u><u>\$ 12,795,154</u></u>
Plan fiduciary net position:	
Contributions - employer	\$ 193,061
Contributions - employee	77,177
Net investment income	1,880,372
Benefits payments, including refunds of member contributions	(776,322)
Administrative expense	(11,775)
Other	<u>(104,407)</u>
Net change in plan fiduciary net position	1,258,106
Plan fiduciary net position - beginning	<u>12,859,982</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 14,118,088</u></u>
Town's net pension liability (asset) - ending (a) - (b)	<u><u>\$ (1,322,934)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	110.34%
Covered employee payroll	\$ 3,248,212
Net pension liability as a percentage of covered employee payroll	(40.73%)

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Police Officers Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
Total pension liability:	
Service cost	\$ 234,523
Interest	783,066
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(61,666)
Benefits payments, including refunds of member contributions	<u>(654,847)</u>
Net change in total pension liability	301,076
Total pension liability - beginning	<u>10,651,041</u>
Total pension liability - ending (a)	<u><u>\$ 10,952,117</u></u>
Plan fiduciary net position:	
Contributions - employer	\$ 182,437
Contributions - employee	104,549
Net investment income	1,177,979
Benefits payments, including refunds of member contributions	(654,847)
Administrative expense	(7,376)
Other	<u>(1)</u>
Net change in plan fiduciary net position	802,741
Plan fiduciary net position - beginning	<u>8,041,682</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,844,423</u></u>
Town's net pension liability - ending (a) - (b)	<u><u>\$ 2,107,694</u></u>
Plan fiduciary net position as a percentage of the total pension liability	80.76%
Covered employee payroll	\$ 1,441,443
Net pension liability as a percentage of covered employee payroll	146.22%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
<u>Employees' Retirement System Plan</u>	
Actuarially determined contribution	\$ 1,507,040
Contributions in relation to the actuarially determined contribution	1,507,040
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 11,674,039
Contributions as a percentage of covered employee payroll	12.91%
<u>Teachers' Survivor Benefit Plan</u>	
Statutorily determined contribution	\$ 16,354
Contributions in relation to the statutorily determined contribution	16,354
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 11,674,039
Contributions as a percentage of covered employee payroll	0.14%
<u>General Employees Plan</u>	
Actuarially determined contribution	\$ 202,160
Contributions in relation to the actuarially determined contribution	202,160
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 3,271,216
Contributions as a percentage of covered employee payroll	6.18%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information - Pension Plans
Schedule of Town Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2015</u>
<u>Police Officers Plan</u>	
Actuarially determined contribution	\$ 312,414
Contributions in relation to the actuarially determined contribution	312,414
<i>Contribution deficiency (excess)</i>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,581,045
Contributions as a percentage of covered employee payroll	19.76%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 30,794,847	\$ 30,794,847	\$ 30,949,833	\$ 154,986
Motor vehicle excise in lieu of tax	176,956	176,956	181,773	4,817
Intergovernmental and grant revenue	7,324,288	7,324,288	7,182,810	(141,478)
Town clerk licenses and fees	339,050	339,050	374,644	35,594
Other departmental fines and fees	318,450	318,450	320,972	2,522
Investment and interest income	-	-	32	32
Other revenues	394,069	394,069	409,799	15,730
Total revenues	<u>39,347,660</u>	<u>39,347,660</u>	<u>39,419,863</u>	<u>72,203</u>
Expenditures				
General Government:				
Town council	10,350	10,350	9,044	1,306
Probate court	8,364	8,364	8,206	158
Town solicitor	209,089	209,089	175,768	33,321
Municipal court	32,908	32,908	29,705	3,203
Administrator's office	113,650	113,650	107,401	6,249
Town clerk's office	131,449	131,449	126,223	5,226
Planning division	128,180	128,180	115,975	12,205
Board of canvassers	13,950	13,950	14,776	(826)
Zoning board	6,280	6,280	4,069	2,211
Personnel board	1	1	-	1
Conservation commission	1,599	1,599	1,590	9
Historic district commission	250	250	-	250
Housing authority	1	1	-	1
Economic development	3,500	3,500	-	3,500
Public safety commission	1	1	-	1
Budget committee	1,500	1,500	1,368	132
Juvenile hearing board	2,050	2,050	1,537	513
Town hall	7,577	7,577	10,118	(2,541)
Plant operations	146,848	146,848	136,988	9,860
Printing and advertising	13,500	13,500	9,364	4,136
Contingency	340,500	340,500	294,563	45,937
Scouter's Hall	1,252	1,252	163	1,089
N.S. Library	396,455	396,455	396,455	-
	<u>1,569,254</u>	<u>1,569,254</u>	<u>1,443,313</u>	<u>125,941</u>
Financial Administration:				
Finance department	198,291	198,291	194,135	4,156
Tax assessor's office	106,398	106,398	131,797	(25,399)
Tax collector's office	81,364	81,364	79,050	2,314
Board of tax review	1	1	-	1
Audits and computer services	117,015	117,015	109,581	7,434
Insurance	200,497	200,497	182,764	17,733
	<u>703,566</u>	<u>703,566</u>	<u>697,327</u>	<u>6,239</u>
Public Safety:				
Police department	2,208,283	2,208,283	2,215,884	(7,601)
Animal control	66,722	66,722	62,141	4,581
EMA	15,250	15,250	13,509	1,741
N.S. Fire and Rescue Department	2,390,768	2,390,768	2,389,618	1,150
Hydrant rental	51,375	51,375	51,375	-
Inspection division	117,776	117,776	122,682	(4,906)
	<u>4,850,174</u>	<u>4,850,174</u>	<u>4,855,209</u>	<u>(5,035)</u>

The notes to the required supplementary information are an integral part of this schedule.

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
DPW administration	92,648	92,648	90,370	2,278
Highway division	1,062,888	1,062,888	1,200,028	(137,140)
Parks and recreation division	78,780	78,780	74,987	3,793
Tree warden	4,230	4,230	1,730	2,500
Street lights	250,000	250,000	265,481	(15,481)
Rubbish disposal	649,580	649,580	610,689	38,891
Sealer of weights and measures	1	1	-	1
	<u>2,138,127</u>	<u>2,138,127</u>	<u>2,243,285</u>	<u>(105,158)</u>
Fixed Charges	<u>1,714,031</u>	<u>1,714,031</u>	<u>1,786,493</u>	<u>(72,462)</u>
Debt Service:				
Principal	2,055,552	2,055,552	2,052,063	3,489
Interest	1,376,625	1,376,625	1,374,026	2,599
	<u>3,432,177</u>	<u>3,432,177</u>	<u>3,426,089</u>	<u>6,088</u>
Grants and contributions	<u>21,168</u>	<u>21,168</u>	<u>17,575</u>	<u>3,593</u>
Settlements	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
Capital Outlay:				
Town	78,407	78,407	66,800	11,607
School	247,675	247,675	185,385	62,290
	<u>326,082</u>	<u>326,082</u>	<u>252,185</u>	<u>73,897</u>
Total expenditures	<u>14,849,579</u>	<u>14,849,579</u>	<u>14,816,476</u>	<u>33,103</u>
Excess of revenues over expenditures before other financing uses	<u>24,498,081</u>	<u>24,498,081</u>	<u>24,603,387</u>	<u>105,306</u>
Other financing uses:				
Transfers to other funds				
School unrestricted fund	(24,471,857)	(24,471,857)	(24,225,393)	246,464
Substance abuse fund	(2,500)	(2,500)	(3,723)	(1,223)
Sewer fund	(23,724)	(23,724)	(23,724)	-
Total other financing uses	<u>(24,498,081)</u>	<u>(24,498,081)</u>	<u>(24,252,840)</u>	<u>245,241</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,547</u>	<u>\$ 350,547</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
School Unrestricted Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original/Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Local appropriations	\$18,642,223	\$ 18,642,223	\$ -
State of Rhode Island - education aid	5,564,634	5,564,634	-
Medicaid	205,000	283,564	78,564
Rental Income - fields and buildings	60,000	69,322	9,322
Re-appropriation of fund balance	-	50,100	50,100
Other	-	30,918	30,918
Total revenues	<u>24,471,857</u>	<u>24,640,761</u>	<u>168,904</u>
Expenditures			
Salaries	14,131,876	13,843,357	288,519
Employee benefits	5,030,030	4,723,456	306,574
Purchased services	4,031,182	3,900,237	130,945
Supplies and materials	1,067,228	1,105,796	(38,568)
Property and equipment	184,626	176,634	7,992
Other costs	26,915	26,746	169
Total expenditures	<u>24,471,857</u>	<u>23,776,226</u>	<u>695,631</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ 864,535</u>	<u>\$ 864,535</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Required Supplementary Information

June 30, 2015

"Unaudited"

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u><i>Other Post Employment Benefit Plan</i></u>	
Valuation date	07/01/2013	
Actuarial cost method	Projected Unit Credit	
Amortization method	Level dollar, open, over 30 years	
Average amortization period	24 years remaining as of the valuation date	
Asset valuation method	Market value	
Actuarial assumptions:		
Discount rate	4% per annum	
Inflation rate	3% per annum	
Health care cost trend rate - health	<u>Year</u>	<u>Assumed Increase</u>
	1	9.0%
	2	8.0%
	3	7.0%
	4	6.5%
	5	6.0%
	6	5.5%
	7+	5.0%
Health care cost trend rate - dental	5% per annum	
Participant information	Active participants	289
	Retired participants	30
		<u>319</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015
“Unaudited”

NOTE 2 – PENSION PLANS

The actuarial methods and assumptions used to calculate the total pension liability (asset) are described in Note 16 A, B and C to the financial statements.

There were no benefit changes during the year.

The net pension liability (asset) amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year-end.

The schedules are intended to present ten years of data. Additional years of data will be presented as they become available.

Actuarially Determined Contributions:

Actuarially determined contribution rates are calculated as of June 30 of each plan year and effective 2 years after the actuarial valuation. The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 23 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases – 4% to 12.75% for teachers; 4% to 8% for general employees; 4.25% to 14.25% for police and fire employees.
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition.
- Mortality – Males, General, Police and Fire Employees – 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Females, General, Police and Fire Employees – 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
- Mortality – Males and Females, Teachers – 97% and 92%, respectively, of rates in GRS table based on male and female teacher experience, projected with Scale AA from 2000.

Employers participating in the Employees’ Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year. Employers participating in the Municipal Employees’ Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015
“Unaudited”

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

The Town Charter provides that the Administrator, with the Town Budget Committee, must submit a proposed operating budget, capital budget and a budget message containing an explanation of proposed financial policies and the important features of the budget plan to the Town Council by the third Monday in March. The budget must reflect all anticipated revenues and proposed expenditures and the proposed expenditures cannot exceed anticipated revenues. The budget is presented to the public on the third Monday in May at a public hearing. The Town Council may revise the budget, but the final adoption of the budget shall be voted no later than June 30th. The Town Charter requires annual budgets for the General Fund and School Unrestricted Fund.

Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Uses

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$39,419,863	\$24,640,761
Differences – budget to GAAP:		
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of North Smithfield are not reported as budgetary revenues, but are revenues for financial reporting purposes.		1,055,941
Re-appropriated fund balance is a budgetary revenue, but is not a revenue for financial reporting purposes.		(50,100)
School State aid is a budgetary revenue, but is reported in the School Unrestricted Fund for financial reporting purposes.	(5,583,170)	
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(55,585)	
Unbudgeted revenues are not included for budgetary purposes, but are included for financial reporting purposes.	70,861	47,234
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	\$33,851,969	\$25,693,836

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2015
“Unaudited”

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$39,069,316	\$23,776,226
Differences – budget to GAAP:		
Increases and carryforwards of commitments and assignments of fund balance are expenditures for budgetary purposes, but are not expenditures for financial reporting purposes.	(336,913)	
Unbudgeted expenditures are not included for budgetary purposes, but are included for financial reporting purposes.	183,108	18,593
Restoration of fund balance is a budgetary expenditure, but is not an expenditure for financial reporting purposes.	(60,000)	
School State aid expenditures are budgetary expenditures, but are not expenditures for financial reporting purposes.	(5,583,170)	
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(55,585)	
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of North Smithfield are not reported as budgetary expenditures, but are expenditures for financial reporting purposes.		1,055,941
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	\$33,216,756	\$24,850,760

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015*

	<i>Special Revenue Funds</i>				
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Substance Abuse Donations Fund</i>	<i>Substance Abuse Prevention Council Fund</i>	<i>Miscellaneous Revenue Fund</i>
ASSETS					
Cash and cash equivalents	\$ -	\$ 8,350	\$ 53	\$ 131	\$ 1,628
Due from federal and state governments	354,035	1,687	-	3,870	-
Other receivables	-	-	-	-	-
Due from other funds	86,993	-	6,310	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 441,028	\$ 10,037	\$ 6,363	\$ 4,001	\$ 1,628
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ 54,608	\$ -	\$ -	\$ 154	\$ -
Due to other funds	333,991	8,449	-	3,563	1,628
Total liabilities	388,599	8,449	-	3,717	1,628
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances (deficits)					
Nonspendable:					
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Education programs	52,429	-	-	-	-
Public safety programs	-	1,588	6,363	284	-
Historical records preservation	-	-	-	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	-
Committed for:					
Public safety programs	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	52,429	1,588	6,363	284	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 441,028	\$ 10,037	\$ 6,363	\$ 4,001	\$ 1,628

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<i>Special Revenue Funds</i>					
	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	<i>CDBG Fund</i>	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>
ASSETS						
Cash and cash equivalents	\$ 430	\$ 54,058	\$ 1,440	\$ 211	\$ 2,550	\$ 854,210
Due from federal and state governments	-	-	-	-	-	-
Other receivables	-	-	26,486	-	250	-
Due from other funds	-	-	-	6,927	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 430	\$ 54,058	\$ 27,926	\$ 7,138	\$ 2,800	\$ 854,210
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,692
Due to other funds	-	-	503	-	-	280,778
Total liabilities	-	-	503	-	-	291,470
Deferred Inflows of Resources:						
Other deferred revenues	-	-	26,486	-	-	-
Total deferred inflows of resources	-	-	26,486	-	-	-
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	430	-	-	7,138	-	562,740
Historical records preservation	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	54,058	937	-	2,800	-
Committed for:						
Public safety programs	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	430	54,058	937	7,138	2,800	562,740
Total liabilities, deferred inflows of resources, and fund balances	\$ 430	\$ 54,058	\$ 27,926	\$ 7,138	\$ 2,800	\$ 854,210

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<i>Special Revenue Funds</i>				
	<i>Trail Grant</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>	<i>Recycling Grant</i>	<i>Clean & Green Day</i>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 951	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other funds	-	72,872	57,130	56,339	1,509
Prepaid expenditures	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 72,872</u>	<u>\$ 58,081</u>	<u>\$ 56,339</u>	<u>\$ 1,509</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,694	-	-	-	-
Total liabilities	<u>3,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)					
Nonspendable:					
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Education programs	-	-	-	-	-
Public safety programs	-	-	-	-	-
Historical records preservation	-	72,872	-	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	56,339	1,509
Committed for:					
Public safety programs	-	-	58,081	-	-
Unassigned	(3,694)	-	-	-	-
Total fund balances (deficits)	<u>(3,694)</u>	<u>72,872</u>	<u>58,081</u>	<u>56,339</u>	<u>1,509</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 72,872</u>	<u>\$ 58,081</u>	<u>\$ 56,339</u>	<u>\$ 1,509</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<i>Special Revenue Funds</i>				<i>Total Special Revenue Funds</i>
	<i>Pumpkin Festival</i>	<i>Elderly Affairs Transportation</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 924,012
Due from federal and state governments	-	-	9,990	-	369,582
Other receivables	-	-	-	-	26,736
Due from other funds	4,705	-	14,328	3,685	310,798
Prepaid expenditures	-	-	-	-	-
Total assets	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 24,318</u>	<u>\$ 3,685</u>	<u>\$ 1,631,128</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ 65,454
Due to other funds	-	-	10,888	-	643,494
Total liabilities	<u>-</u>	<u>-</u>	<u>10,888</u>	<u>-</u>	<u>708,948</u>
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	26,486
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,486</u>
Fund balances (deficits)					
Nonspendable:					
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Education programs	-	-	-	-	52,429
Public safety programs	-	-	13,430	-	591,973
Historical records preservation	-	-	-	-	72,872
Capital projects	-	-	-	-	-
Other programs	4,705	-	-	3,685	124,033
Committed for:					
Public safety programs	-	-	-	-	58,081
Unassigned	-	-	-	-	(3,694)
Total fund balances (deficits)	<u>4,705</u>	<u>-</u>	<u>13,430</u>	<u>3,685</u>	<u>895,694</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 24,318</u>	<u>\$ 3,685</u>	<u>\$ 1,631,128</u>

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	<u>Capital Project Funds</u>			<u>Total Capital Project Funds</u>	<u>Total All Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>Middle School Construction</u>	<u>School Renovation</u>		
ASSETS					
Cash and cash equivalents	\$ 65,685	\$ 20,566	\$ 765	\$ 87,016	\$ 1,011,028
Due from federal and state governments	-	-	-	-	369,582
Other receivables	-	-	-	-	26,736
Due from other funds	22,944	367,590	-	390,534	701,332
Prepaid expenditures	31,109	-	-	31,109	31,109
Total assets	<u>\$ 119,738</u>	<u>\$ 388,156</u>	<u>\$ 765</u>	<u>\$ 508,659</u>	<u>\$ 2,139,787</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ 65,454
Due to other funds	-	-	765	765	644,259
Total liabilities	<u>-</u>	<u>-</u>	<u>765</u>	<u>765</u>	<u>709,713</u>
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	26,486
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,486</u>
Fund balances (deficits)					
Nonspendable:					
Prepaid expenditures	31,109	-	-	31,109	31,109
Restricted for:					
Education programs	-	-	-	-	52,429
Public safety programs	-	-	-	-	591,973
Historical records preservation	-	-	-	-	72,872
Capital projects	88,629	388,156	-	476,785	476,785
Other programs	-	-	-	-	124,033
Committed for:					
Public safety programs	-	-	-	-	58,081
Unassigned	-	-	-	-	(3,694)
Total fund balances (deficits)	<u>119,738</u>	<u>388,156</u>	<u>-</u>	<u>507,894</u>	<u>1,403,588</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 119,738</u>	<u>\$ 388,156</u>	<u>\$ 765</u>	<u>\$ 508,659</u>	<u>\$ 2,139,787</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>Special Revenue Funds</i>				
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Substance Abuse Donations Fund</i>	<i>Substance Abuse Prevention Council Fund</i>	<i>Miscellaneous Revenue Fund</i>
Revenues					
Intergovernmental and grant revenue	\$ 1,033,212	\$ 35,743	\$ -	\$ 22,220	\$ -
Other departmental fees	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Other revenue	315,810	-	100	-	-
Total revenues	<u>1,349,022</u>	<u>35,743</u>	<u>100</u>	<u>22,220</u>	<u>-</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	28,228	158	25,659	-
Public works	-	-	-	-	-
Education	1,361,672	-	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>1,361,672</u>	<u>28,228</u>	<u>158</u>	<u>25,659</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(12,650)</u>	<u>7,515</u>	<u>(58)</u>	<u>(3,439)</u>	<u>-</u>
Other financing sources (uses)					
Transfers from other funds	-	-	-	3,723	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,723</u>	<u>-</u>
Net change in fund balances	(12,650)	7,515	(58)	284	-
Fund balances (deficits) - beginning of year, restated	<u>65,079</u>	<u>(5,927)</u>	<u>6,421</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 52,429</u>	<u>\$ 1,588</u>	<u>\$ 6,363</u>	<u>\$ 284</u>	<u>\$ -</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>Special Revenue Funds</i>					
	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	<i>CDBG Fund</i>	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ 19,847	\$ 4,385	\$ -	\$ -
Other departmental fees	-	-	-	-	2,800	-
Investment and interest income	-	-	-	-	-	783
Other revenue	1,171	-	3,504	-	-	280,778
Total revenues	<u>1,171</u>	<u>-</u>	<u>23,351</u>	<u>4,385</u>	<u>2,800</u>	<u>281,561</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	1,404	-	-	-	-	107,613
Public works	-	-	-	-	-	-
Education	-	-	-	-	-	-
Other	-	-	29,273	-	-	-
Capital outlay	-	-	-	-	-	253,435
Debt service	-	-	-	-	-	-
Total expenditures	<u>1,404</u>	<u>-</u>	<u>29,273</u>	<u>-</u>	<u>-</u>	<u>361,048</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(233)</u>	<u>-</u>	<u>(5,922)</u>	<u>4,385</u>	<u>2,800</u>	<u>(79,487)</u>
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(233)	-	(5,922)	4,385	2,800	(79,487)
Fund balances (deficits) - beginning of year, restated	663	54,058	6,859	2,753	-	642,227
Fund balances (deficits) - end of year	<u>\$ 430</u>	<u>\$ 54,058</u>	<u>\$ 937</u>	<u>\$ 7,138</u>	<u>\$ 2,800</u>	<u>\$ 562,740</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>Special Revenue Funds</i>				
	<i>Trail Grant</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>	<i>Recycling Grant</i>	<i>Clean & Green Day</i>
Revenues					
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ 19,437	\$ -
Other departmental fees	-	24,900	69,365	7,475	-
Investment and interest income	-	-	-	-	-
Other revenue	-	-	-	2,698	1,700
Total revenues	<u>-</u>	<u>24,900</u>	<u>69,365</u>	<u>29,610</u>	<u>1,700</u>
Expenditures					
Current:					
General government	-	31,486	-	-	-
Public safety	-	-	10,400	-	-
Public works	3,694	-	-	15,654	308
Education	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	38,480	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>3,694</u>	<u>31,486</u>	<u>48,880</u>	<u>15,654</u>	<u>308</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(3,694)</u>	<u>(6,586)</u>	<u>20,485</u>	<u>13,956</u>	<u>1,392</u>
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,694)	(6,586)	20,485	13,956	1,392
Fund balances (deficits) - beginning of year, restated	<u>-</u>	<u>79,458</u>	<u>37,596</u>	<u>42,383</u>	<u>117</u>
Fund balances (deficits) - end of year	<u>\$ (3,694)</u>	<u>\$ 72,872</u>	<u>\$ 58,081</u>	<u>\$ 56,339</u>	<u>\$ 1,509</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<i>Special Revenue Funds</i>				<i>Total Special Revenue Funds</i>
	<i>Pumpkin Festival</i>	<i>Elderly Affairs Transportation</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
Revenues					
Intergovernmental and grant revenue	\$ -	\$ -	\$ 18,867	\$ -	\$ 1,153,711
Other departmental fees	-	-	-	-	104,540
Investment and interest income	-	-	-	-	783
Other revenue	4,383	-	-	4,306	614,450
Total revenues	<u>4,383</u>	<u>-</u>	<u>18,867</u>	<u>4,306</u>	<u>1,873,484</u>
Expenditures					
Current:					
General government	-	-	-	-	31,486
Public safety	-	-	16,223	-	189,685
Public works	-	-	-	4,678	24,334
Education	-	-	-	-	1,361,672
Other	12,418	2,420	-	-	44,111
Capital outlay	-	-	-	-	291,915
Debt service	-	-	-	-	-
Total expenditures	<u>12,418</u>	<u>2,420</u>	<u>16,223</u>	<u>4,678</u>	<u>1,943,203</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(8,035)</u>	<u>(2,420)</u>	<u>2,644</u>	<u>(372)</u>	<u>(69,719)</u>
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	3,723
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,723</u>
Net change in fund balances	(8,035)	(2,420)	2,644	(372)	(65,996)
Fund balances (deficits) - beginning of year, restated	<u>12,740</u>	<u>2,420</u>	<u>10,786</u>	<u>4,057</u>	<u>961,690</u>
Fund balances (deficits) - end of year	<u>\$ 4,705</u>	<u>\$ -</u>	<u>\$ 13,430</u>	<u>\$ 3,685</u>	<u>\$ 895,694</u>

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015

	<u>Capital Project Funds</u>			<u>Total Capital Project Funds</u>	<u>Total All Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>Middle School Construction</u>	<u>School Renovation</u>		
Revenues					
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,153,711
Other departmental fees	-	-	-	-	104,540
Investment and interest income	21	41	-	62	845
Other revenue	-	-	-	-	614,450
Total revenues	<u>21</u>	<u>41</u>	<u>-</u>	<u>62</u>	<u>1,873,546</u>
Expenditures					
Current:					
General government	-	-	-	-	31,486
Public safety	-	-	-	-	189,685
Public works	-	-	-	-	24,334
Education	-	-	-	-	1,361,672
Other	-	-	-	-	44,111
Capital outlay	265,757	-	-	265,757	557,672
Debt service	2,314	-	-	2,314	2,314
Total expenditures	<u>268,071</u>	<u>-</u>	<u>-</u>	<u>268,071</u>	<u>2,211,274</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(268,050)</u>	<u>41</u>	<u>-</u>	<u>(268,009)</u>	<u>(337,728)</u>
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	3,723
Transfers to other funds	(5,865)	-	-	(5,865)	(5,865)
Total other financing sources (uses)	<u>(5,865)</u>	<u>-</u>	<u>-</u>	<u>(5,865)</u>	<u>(2,142)</u>
Net change in fund balances	(273,915)	41	-	(273,874)	(339,870)
Fund balances (deficits) - beginning of year, restated	<u>393,653</u>	<u>388,115</u>	<u>-</u>	<u>781,768</u>	<u>1,743,458</u>
Fund balances (deficits) - end of year	<u>\$ 119,738</u>	<u>\$ 388,156</u>	<u>\$ -</u>	<u>\$ 507,894</u>	<u>\$ 1,403,588</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	<u>Subdivision Bond</u>	<u>Planning Escrow</u>	<u>Soup Kitchen</u>	<u>Student Activities - Senior High School</u>	<u>Student Activities - Middle School</u>	<u>Student Activities - Halliwell Elementary</u>	<u>Student Activities - North Smithfield Elementary</u>	<u>Athletic Fund</u>	<u>Total Agency Funds</u>
Assets									
Cash and cash equivalents	\$ 15,412	\$ 38,501	\$ -	\$ 129,904	\$ 38,615	\$ 22,995	\$ 32,509	\$ 11	\$ 277,947
Accounts receivable	-	-	-	11,038	-	-	-	-	11,038
Due from other funds	-	-	5,552	-	-	-	-	-	5,552
Total assets	<u>\$ 15,412</u>	<u>\$ 38,501</u>	<u>\$ 5,552</u>	<u>\$ 140,942</u>	<u>\$ 38,615</u>	<u>\$ 22,995</u>	<u>\$ 32,509</u>	<u>\$ 11</u>	<u>\$ 294,537</u>
Liabilities									
Deposits held in custody for others	<u>\$ 15,412</u>	<u>\$ 38,501</u>	<u>\$ 5,552</u>	<u>\$ 140,942</u>	<u>\$ 38,615</u>	<u>\$ 22,995</u>	<u>\$ 32,509</u>	<u>\$ 11</u>	<u>\$ 294,537</u>
Total liabilities	<u>\$ 15,412</u>	<u>\$ 38,501</u>	<u>\$ 5,552</u>	<u>\$ 140,942</u>	<u>\$ 38,615</u>	<u>\$ 22,995</u>	<u>\$ 32,509</u>	<u>\$ 11</u>	<u>\$ 294,537</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	<i>Balance</i> <i>June 30, 2014</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>June 30, 2015</i>
SUBDIVISION BOND				
<i>Assets</i>				
Cash and cash equivalents	\$ 15,413	\$ -	\$ 1	\$ 15,412
Total assets	\$ 15,413	\$ -	\$ 1	\$ 15,412
<i>Liabilities</i>				
Deposits held in custody for others	\$ 15,413	\$ -	\$ 1	\$ 15,412
Total liabilities	\$ 15,413	\$ -	\$ 1	\$ 15,412
PLANNING ESCROW				
<i>Assets</i>				
Cash and cash equivalents	\$ 50,163	\$ 16,000	\$ 27,662	\$ 38,501
Total assets	\$ 50,163	\$ 16,000	\$ 27,662	\$ 38,501
<i>Liabilities</i>				
Deposits held in custody for others	\$ 50,163	\$ 16,000	\$ 27,662	\$ 38,501
Total liabilities	\$ 50,163	\$ 16,000	\$ 27,662	\$ 38,501
SOUP KITCHEN				
<i>Assets</i>				
Due from other funds	\$ 7,395	\$ 7,709	\$ 9,552	\$ 5,552
Total assets	\$ 7,395	\$ 7,709	\$ 9,552	\$ 5,552
<i>Liabilities</i>				
Deposits held in custody for others	\$ 7,395	\$ 7,709	\$ 9,552	\$ 5,552
Total liabilities	\$ 7,395	\$ 7,709	\$ 9,552	\$ 5,552
STUDENT ACTIVITIES - SENIOR HIGH SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 138,895	\$ 223,903	\$ 232,894	\$ 129,904
Accounts receivable	10,509	11,038	10,509	11,038
Total assets	\$ 149,404	\$ 234,941	\$ 243,403	\$ 140,942
<i>Liabilities</i>				
Deposits held in custody for others	\$ 149,404	\$ 234,941	\$ 243,403	\$ 140,942
Total liabilities	\$ 149,404	\$ 234,941	\$ 243,403	\$ 140,942
STUDENT ACTIVITIES - MIDDLE SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 15,714	\$ 76,239	\$ 53,338	\$ 38,615
Total assets	\$ 15,714	\$ 76,239	\$ 53,338	\$ 38,615
<i>Liabilities</i>				
Deposits held in custody for others	\$ 15,714	\$ 76,239	\$ 53,338	\$ 38,615
Total liabilities	\$ 15,714	\$ 76,239	\$ 53,338	\$ 38,615

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)
Agency Funds
For the Fiscal Year Ended June 30, 2015

	<i>Balance</i> <i>June 30, 2014</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>June 30, 2015</i>
STUDENT ACTIVITIES -HALLIWELL ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 14,347	\$ 49,441	\$ 40,793	\$ 22,995
Total assets	\$ 14,347	\$ 49,441	\$ 40,793	\$ 22,995
<i>Liabilities</i>				
Deposits held in custody for others	\$ 14,347	\$ 49,441	\$ 40,793	\$ 22,995
Total liabilities	\$ 14,347	\$ 49,441	\$ 40,793	\$ 22,995
STUDENT ACTIVITIES -NORTH SMITHFIELD ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 32,638	\$ 35,539	\$ 35,668	\$ 32,509
Total assets	\$ 32,638	\$ 35,539	\$ 35,668	\$ 32,509
<i>Liabilities</i>				
Deposits held in custody for others	\$ 32,638	\$ 35,539	\$ 35,668	\$ 32,509
Total liabilities	\$ 32,638	\$ 35,539	\$ 35,668	\$ 32,509
ATHLETIC FUND				
<i>Assets</i>				
Cash and cash equivalents	\$ 52	\$ 64,211	\$ 64,252	\$ 11
Total assets	\$ 52	\$ 64,211	\$ 64,252	\$ 11
<i>Liabilities</i>				
Deposits held in custody for others	\$ 52	\$ 64,211	\$ 64,252	\$ 11
Total liabilities	\$ 52	\$ 64,211	\$ 64,252	\$ 11
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash equivalents	\$ 267,222	\$ 465,333	\$ 454,608	\$ 277,947
Accounts receivable	10,509	11,038	10,509	11,038
Due from other funds	7,395	7,709	9,552	5,552
Total assets	\$ 285,126	\$ 484,080	\$ 474,669	\$ 294,537
<i>Liabilities</i>				
Deposits held in custody for others	\$ 285,126	\$ 484,080	\$ 474,669	\$ 294,537
Total liabilities	\$ 285,126	\$ 484,080	\$ 474,669	\$ 294,537

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ending June 30, 2015

Real Estate and Personal Property Taxes

<i>Year</i>	<i>Balance June 30, 2014</i>	<i>Levy</i>	<i>Additions</i>	<i>Abatements, Refunds and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2015</i>
2016	\$ -	\$ -	\$ 1,605	\$ -	\$ 1,605	\$ 408	\$ 1,197
2015	-	30,893,178	123,891	(315,764)	30,701,305	30,124,999	576,306
2014	923,826	-	3,303	(118,357)	808,772	529,378	279,394
2013	324,451	-	-	(31,981)	292,470	86,485	205,985
2012	202,088	-	-	(29,187)	172,901	12,366	160,535
2011	172,537	-	-	(28,922)	143,615	4,791	138,824
2010	92,817	-	-	(8)	92,809	2,414	90,395
2009	83,173	-	-	(25)	83,148	2,451	80,697
2008	63,193	-	-	(2)	63,191	1,203	61,988
2007	37,294	-	-	-	37,294	-	37,294
2006	36,845	-	-	5	36,850	-	36,850
2005	32,435	-	-	-	32,435	15	32,420
2004	34,584	-	-	-	34,584	105	34,479
2003	7,195	-	-	-	7,195	-	7,195
2002	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2000	413	-	-	941	1,354	941	413
	<u>\$ 2,010,851</u>	<u>\$ 30,893,178</u>	<u>\$ 128,799</u>	<u>\$ (523,300)</u>	<u>\$ 32,509,528</u>	<u>\$ 30,765,556</u>	<u>1,743,972</u>
							<u>(381,417)</u>
							<u>\$ 1,362,555</u>

Allowance for Uncollectible Accounts (381,417)
Net Property Tax Receivable \$ 1,362,555

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
Real property - residential	\$ 1,033,419,060	\$ 16,555,373
Real property - commercial	241,993,990	4,300,233
Real property - frozen	7,308,200	102,491
Motor vehicles	124,652,374	4,689,422
Tangible personal property	143,099,260	6,125,385
Total	<u>1,550,472,884</u>	<u>31,772,905</u>
Exemptions	41,813,464	879,727
Net assessed value	<u>\$ 1,508,659,420</u>	<u>\$ 30,893,178</u>

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable President and
Members of the Town Council
North Smithfield, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements, and have issued our report thereon dated January 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of North Smithfield, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of North Smithfield, Rhode Island's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Smithfield, Rhode Island's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of North Smithfield, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of North Smithfield, Rhode Island's Response to Findings

The Town of North Smithfield, Rhode Island's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of North Smithfield, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bacon & Company, LLC

Warwick, Rhode Island
January 4, 2016



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133***

Independent Auditor's Report

To the Honorable President and
Members of the Town Council
Town of North Smithfield, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Town of North Smithfield, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of North Smithfield, Rhode Island's major federal programs for the year ended June 30, 2015. The Town of North Smithfield, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of North Smithfield, Rhode Island's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of North Smithfield, Rhode Island's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of North Smithfield, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of North Smithfield, Rhode Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Town of North Smithfield, Rhode Island is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of North Smithfield, Rhode Island's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of North Smithfield, Rhode Island's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-004 that we consider to be a significant deficiency.

The Town of North Smithfield, Rhode Island's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of North Smithfield, Rhode Island's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bacon & Company, d.d.c

Warwick, Rhode Island

January 4, 2016

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
84.010A	Title I
84.027A	Special Education Cluster – PL 94-142 – Project IDEA
84.173A	Special Education Cluster – Preschool Section 619

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

- Auditee qualified as low-risk auditee? yes X no

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

PROPERTY TAX AND WATER AND SEWER RECEIVABLE RECONCILIATIONS

2015-001 Material Weakness - An entity's system of internal controls should be designed and operate to allow the entity to prepare accurate and timely financial statements in conformance with generally accepted accounting principles and be designed to prevent, detect and correct misstatements in the financial statements.

The Town did not have procedures in place to reconcile the property tax, water and sewer receivable subsidiary ledgers to the general ledger during fiscal year 2015. In addition, during fiscal year 2015 the Town only recorded to the general ledger collections received for property taxes, water and sewer receivables to the revenue accounts and cash accounts. The Town did not record to the general ledger any of the transactions related to the receivable balances, including new billings, abatements, adjustments and transfers.

The Town completed a reconciliation of property tax, water and sewer receivable subsidiary ledgers to the general ledger after year-end in preparation for the audit and recorded adjustments to account for the annual transactions that were not recorded to the receivable accounts, deferred inflows of resources accounts, and revenue accounts during the year.

The lack of formal reconciliation procedures could result in material misstatements not being prevented, detected and corrected in a timely manner and therefore is a material weakness in internal control.

Recommendation - We recommend that the Town implement procedures to properly account for the property tax, water and sewer receivable transactions in the general ledger. The Town should record to the general ledger the new billings, abatements, adjustments and transfers to the receivable accounts, the related deferred inflow of resources accounts, and if applicable, the revenue accounts as transactions occur throughout the year.

The Town should then perform a monthly reconciliation between the property tax, water and sewer receivable subsidiary ledgers and the general ledger. Any variances should be investigated and resolved.

Management Response – As of July 1, 2015, all monthly tax and user fee receivable reconciliations have been posted by the Finance Department monthly. Included in this procedure is reconciliation of beginning and ending receivables, supplemental billings, abatements, collections, refunds, transfers and adjustments. All variances are investigated at the time of reconciliation. Water and Sewer enterprise funds are being recorded on a full accrual basis as of that date, with billings recorded as revenue and collections reported as a reduction of accounts receivable.

This monthly procedure performed by Finance has addressed the timeliness of reconciliation between the General and Subsidiary ledgers.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

WATER BILLING

2015-002 Material Weakness – An entity’s system of internal controls should be designed and operate to ensure transactions are accurate and be designed to prevent, detect and correct misstatements in a timely manner.

During our testing of quarterly water bills, we noted the following billing errors:

- A commercial customer was overbilled more than \$100,000 over a period of three years because the meter multiplier recorded for the account was incorrect.
- The Town was not billing or remitting the correct State water quality protection surcharge during fiscal year 2015.
- Elderly customers are exempt from the State water quality protection surcharge. The Town does not maintain proper documentation for these exempt customers.

Recommendation – We recommend that the Town review its water customer billing files to ensure the meter size and multiplier information for all accounts are correct. Once the customer files have been reviewed, any new customers or changes made to existing customer information should be reviewed and approved by an individual independent of bill preparation. We also recommend that the Town bill and remit the State water quality protection surcharge and document surcharge exemptions in accordance with State requirements.

Management Response - Prior to the 2016 Water bills being sent, a review of all customer accounts was performed. This included a meter size and cost multiplier match for all customers. After this review, all future bills will accurately calculate User charges. For any new connections or account changes, a formal process of review and sign off by the Utilities Superintendent will be performed. This will include reviewing meter size, cost multiplier calculations, and require this information to be provided to the Finance Department for independent verification prior to any customer accounts being adjusted.

As of October 2015, all charges due to the State for surcharges for Fiscal Year 2015 have been adjusted to the correct amounts through an accounts payable adjustment. All surcharges are being properly calculated and charged to customers for Fiscal Year 2016 water billings based upon guidance from the RI Water Resources Board and the General Treasurer of the State of Rhode Island.

For elderly exemptions, the Utilities Clerk at the Town has created procedures to review and determine which users receive the elderly exemption, and are not being charged surcharges. Any users who have received the elderly exemption in the past will be traced back to the exemptions on file with the Tax Assessor’s office. All new users will be matched against Tax Assessor exemption records to determine if additions/deletions to the exemption list are accurate.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

CAPITAL ASSET INVENTORY

2015-003 Significant Deficiency – An entity’s system of internal control should include procedures to ensure the proper recording and safeguarding of the Town’s capital assets. Although the Town prepared detail schedules of capital assets and depreciation for the year ended June 30, 2015, the Town has not performed a physical inventory of the capital assets in many years.

Recommendation –We recommend that the Town complete a physical inventory of the Town’s capital assets and make the appropriate adjustments to the capital asset schedules for those capital assets that are no longer in service or that have been omitted from the schedules.

Management Response - The Town will perform a full physical inventory review of all Capital Assets held by each department of the Town. The departments will be responsible to populate a listing of assets to be provided to the Finance Department. The Finance Department will perform a physical inventory of assets which will match all asset lists to the current Capital Asset Listing. Finance will also perform a full reconciliation of all vehicles that are on the listing with Trust insurance lists, as well as matching any Town buildings to the Assessor records of ownership. The DPW director will perform a review of infrastructure to determine if carrying value of roads and such are deemed to be fair and appropriate. Any additional assets on the Capital Asset listing that are not identified by the Departments will be investigated at that point. If there are any fully depreciated assets that need to be removed based upon this physical review, they will be adjusted after being fully investigated.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2015-004 Significant Deficiency

Agency: U.S. Department of Education

Pass-Through: R.I. Department of Education

Program: Special Education Cluster – PL94-142 – Project IDEA & Preschool Section 619

CFDA Number: 84.027A; 84.173A

ALLOWABLE COSTS/COST PRINCIPLES

Criteria – Attachment B of OMB Circular A-87 “*Cost Principles for State, Local, and Indian Tribal Governments*” states that wages, salaries and fringe benefits charged to federal awards are allowable only to the extent that they are determined and documented as provided in Section 8(h). Specifically, where employees work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must reflect after-the-fact distribution of the actual activity of the

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

employee and must account for the total activity for which the employee was compensated. Personnel activity reports must be prepared at least monthly and must coincide with one or more pay periods. Finally, personnel activity reports must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for the charges to Federal awards.

Condition – Although the School Department has established procedures to ensure compliance with time certification and documentation requirements, during the tests of controls and compliance, we noted that employee time certifications for two employees were not completed for the first half of fiscal year 2015.

Questioned Costs – None

Recommendation – We recommend that the School Department ensure that all employees charged to Federal grants who work on a single cost objective complete semi-annual certifications as required by OMB Circular A-87.

Corrective Action/Auditee Views – In this instance the two employees were hired on October 27th. Certifications were completed by them at the end of the fiscal year. A semi-annual certification should have also been completed mid-year. Certification procedures will be reviewed with Business Department Staff. A double check will be performed to ensure that employees hired later in the year have met the semi-annual certification requirement.

Anticipated Completion Date: Immediately

Contact Person: Lisa Marcotte
Phone: 401-769-5492
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TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Expenditures</i>
US Department of Education			
Pass-through RI Department of Education:			
<i>Special Education Cluster (IDEA):</i>			
PL-94-142 - Project IDEA	84.027A	2725-13202-501	\$ 393,553
Preschool Section 619	84.173A	2725-13502-501	2,792
Title I	84.010A	2725-11702-501	195,730
Title II - Professional Development	84.367A	2725-16402-501	36,247
ARRA Race to the Top - Instructional Improvement	84.395A	4572-12802-523	913
ARRA Race to the Top - IIS Set Aside	84.395A	4572-13502-160	324
ARRA Race to the Top - Educator Effectiveness Set Aside	84.395A	4572-13502-170	1,362
ARRA Race to the Top - Human Capital Development Set Aside	84.395A	4572-13502-180	17,534
Total US Department of Education			<u>648,455</u>
US Department of Agriculture			
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program			
Cash assistance	10.555	N/A	143,442
Non-cash assistance (commodities)	10.555	N/A	32,654
School Breakfast Program	10.553	N/A	20,843
Total US Department of Agriculture			<u>196,939</u>
US Department of Health and Human Services			
Pass through RI Department of Behavioral Healthcare, Developmental Disabilities and Hospitals:			
Substance Abuse Block Grant - Substance Abuse Task Force	93.959	N/A	22,220
Synar Tobacco	93.000	N/A	274
Pass through RI Department of Health:			
Public Health Emergency Preparedness - MEDS	93.069	N/A	2,632
Total US Department of Health and Human Services			<u>25,126</u>
US Department of Transportation			
Pass-through RI Department of Transportation:			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety Grant	20.600	N/A	5,547
National Priority Safety Programs	20.616	N/A	6,032
Pass-through RI Emergency Management Agency:			
Interagency Hazardous Materials Public Sector			
Training and Planning Grants	20.703	N/A	6,968
Pass-through RI Department of Environmental Management:			
<i>Highway Planning and Construction Cluster:</i>			
Recreation Trails Program	20.219	N/A	3,694
Total US Department of Transportation			<u>22,241</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal year Ended June 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<i>US Department of Homeland Security</i>			
<i>Pass-through RI Emergency Management Agency:</i>			
Emergency Management Performance Grant	97.042	N/A	6,812
State Homeland Security Grant	97.067	N/A	2,522
<i>Total US Department of Homeland Security</i>			<u>9,334</u>
<i>US Department of Housing and Urban Development</i>			
<i>Pass-through RI Division of Planning, Office of Housing and Community Development:</i>			
Community Development Block Grant	14.228	N/A	29,273
<i>Total US Department Housing and Urban Development</i>			<u>29,273</u>
<i>US Department of Justice</i>			
<i>Pass-through RI Public Safety Grant Administration Office:</i>			
Byrne/JAG Program	16.738	N/A	16,375
<i>Total US Department of Justice</i>			<u>16,375</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 947,743</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of North Smithfield, Rhode Island. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Cash assistance is presented on the same basis of accounting as that used in reporting the expenditures (expenses) of the related funds in the Town's basic financial statements. (See Note 1 to the basic financial statements – Summary of Significant Accounting Policies – B. Basis of Presentation and Accounting).

Non-cash assistance is also included in the schedule consistent with OMB Circular A-133 requirements. The non-cash assistance includes the National School Lunch Program (Food Commodities) (CFDA 10.555) and is reported at the fair market value of food distributed.