

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

*For the Fiscal Year Ended
June 30, 2019*

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information



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

Report on the Financial Statements

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, 2019, 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, 2019, 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.

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 77 through 93 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, Annual Supplemental Transparency Report (MTP2), UCOA reconciliation schedule, other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Annual Supplemental Transparency Report (MTP2), UCOA reconciliation schedule, other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Annual Supplemental Transparency Report (MTP2), UCOA reconciliation schedule, other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 19, 2019 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 solely 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 the effectiveness of the Town of North Smithfield, Rhode Island's 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.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 19, 2019

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, 2019.

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 2018 and 2019 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 such as 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 a business, 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 24 governmental funds; 4 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 20 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 four major governmental funds are:

1. General Fund
2. School Unrestricted Fund
3. Town Building Bond
4. School Building Bond

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

Proprietary Funds - The Town maintains three 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 and Sewer Assessment projects. The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Fiduciary Funds – The Town maintains one other post-employment benefits trust fund, 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 76 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 77 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 \$21,707,885 at the close of the most recent fiscal year.

Town of North Smithfield						
Net Position						
	June 30, 2019			June 30, 2018		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<u>Assets</u>						
Current assets	\$ 22,484,860	\$ 2,742,601	\$ 25,227,461	\$ 18,997,318	\$ 3,012,367	\$ 22,009,685
Capital assets, net	52,651,182	10,711,571	63,362,753	50,891,094	10,798,172	61,689,266
Other noncurrent assets	2,445,327	2,355,406	4,800,733	2,100,264	2,395,552	4,495,816
Total assets	77,581,369	15,809,578	93,390,947	71,988,676	16,206,091	88,194,767
<u>Deferred outflow of resources</u>						
Deferred pension amounts	8,500,287	-	8,500,287	7,891,073	-	7,891,073
Deferred other post employment benefit amounts	1,287,837	-	1,287,837	127,059	-	127,059
Deferred amounts on refunding	1,148,962	33,254	1,182,216	1,275,670	36,579	1,312,249
Total deferred outflow of resources	10,937,086	33,254	10,970,340	9,293,802	36,579	9,330,381
<u>Liabilities</u>						
Current liabilities	5,198,180	772,090	5,970,270	4,234,512	658,972	4,893,484
Noncurrent liabilities	67,548,749	3,265,969	70,814,718	63,180,512	3,635,395	66,815,907
Total liabilities	72,746,929	4,038,059	76,784,988	67,415,024	4,294,367	71,709,391
<u>Deferred inflow of resources</u>						
Deferred pension amounts	2,937,084	-	2,937,084	3,048,494	-	3,048,494
Deferred other post employment benefit amounts	202,574	-	202,574	205,575	-	205,575
Deferred sewer assessments	-	2,728,756	2,728,756	-	2,655,429	2,655,429
Total deferred inflow of resources	3,139,658	2,728,756	5,868,414	3,254,069	2,655,429	5,909,498
<u>Net position</u>						
Net investment in capital assets	27,789,930	7,630,930	35,420,860	25,775,269	7,322,825	33,098,094
Restricted for specific use	2,879,070	-	2,879,070	3,240,064	-	3,240,064
Unrestricted	(18,037,132)	1,445,087	(16,592,045)	(18,401,948)	1,970,049	(16,431,899)
Total net position	\$ 12,631,868	\$ 9,076,017	\$ 21,707,885	\$ 10,613,385	\$ 9,292,874	\$ 19,906,259

The largest portion of the Town's net position, \$35,420,860 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, \$2,879,070 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of (\$16,592,045) 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, 2019			June 30, 2018			
Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total	
<i>Revenues</i>						
<i>Program revenues</i>						
Charges for services	\$ 2,303,326	\$ 2,923,250	\$ 5,226,576	\$ 2,144,534	\$ 2,840,283	\$ 4,984,817
Operating grants	9,993,264	-	9,993,264	9,314,545	-	9,314,545
Capital grants	117,437	-	117,437	57,400	-	57,400
<i>General Revenues</i>						
Property taxes, levied for general purposes	34,214,301	-	34,214,301	34,125,932	-	34,125,932
State aid	1,429,710	-	1,429,710	1,094,016	-	1,094,016
Interest income	248,416	36,652	285,068	146,297	22,359	168,656
Miscellaneous	19,374	-	19,374	128,001	-	128,001
<i>Total revenues</i>	<u>48,325,828</u>	<u>2,959,902</u>	<u>51,285,730</u>	<u>47,010,725</u>	<u>2,862,642</u>	<u>49,873,367</u>
<i>Expenses</i>						
General government	1,669,088	-	1,669,088	1,669,556	-	1,669,556
Financial administration	1,124,361	-	1,124,361	967,965	-	967,965
Public safety	7,895,449	-	7,895,449	7,729,510	-	7,729,510
Public works	3,385,898	-	3,385,898	3,105,737	-	3,105,737
Grants & contributions	7,171	-	7,171	8,666	-	8,666
Settlements	-	-	-	-	-	-
Education	31,255,616	-	31,255,616	30,051,376	-	30,051,376
Interest	969,762	-	969,762	991,840	-	991,840
Water	-	497,341	497,341	-	477,557	477,557
Sewer	-	2,679,418	2,679,418	-	2,707,511	2,707,511
<i>Total expenses</i>	<u>46,307,345</u>	<u>3,176,759</u>	<u>49,484,104</u>	<u>44,524,650</u>	<u>3,185,068</u>	<u>47,709,718</u>
Excess (deficiency) of revenues over (under) expenses before transfers	2,018,483	(216,857)	1,801,626	2,486,075	(322,426)	2,163,649
Transfers in (out)	-	-	-	-	-	-
Change in net position	2,018,483	(216,857)	1,801,626	2,486,075	(322,426)	2,163,649
<i>Net position - beginning</i>	<u>10,613,385</u>	<u>9,292,874</u>	<u>19,906,259</u>	<u>8,127,310</u>	<u>9,615,300</u>	<u>17,742,610</u>
<i>Net position - ending</i>	<u>\$ 12,631,868</u>	<u>\$ 9,076,017</u>	<u>\$ 21,707,885</u>	<u>\$ 10,613,385</u>	<u>\$ 9,292,874</u>	<u>\$ 19,906,259</u>

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 \$2,018,483.

Business-Type activities - Business-type activities decreased the Town's net position by \$216,857.

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 \$18,993,678 an increase of \$2,967,320 (18.52%) in comparison with the 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 \$8,575,521, of which \$6,358,314 is unassigned (74.14%). The General Fund total fund balance increased by \$1,226,709 (16.69%) during the current fiscal year. The unassigned fund balance in the General Fund represents 16.94% of the total Fiscal Year 2019 General Fund budgeted expenditures.

At the end of the current fiscal year, the total fund balance of the School Unrestricted Fund was \$2,394,063, of which \$2,087,026 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 decreased by \$74,934 (3.03%) 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 \$1,352,225, an increase of \$100,837 (8.06%) from the prior year Net Position. In the Sewer Fund, net position amounted to \$8,529,168, an increase of \$487,682 (6.06%) from the prior year 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 \$497,824 over budget. The positive variance is attributed to a higher collection percentage of billed taxes, less than anticipated tax abatements, and DMV registry blocks which aided in the collection of motor vehicle taxes. Additionally, a tax sale was held that generated payments on many delinquent accounts and there was an assignment of tax sale in the amount of \$127,664.

Interest Income was over budget by \$108,365 due to favorable interest rates and cash management.

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

Debt Service Interest was under budget by \$84,958 since the School Building Bond was not issued in FY2019 as anticipated.

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, 2019 amounted to \$63,362,753 (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, 2019			June 30, 2018		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 8,880,242	\$ 16,141	\$ 8,896,383	\$ 8,720,242	\$ 16,141	\$ 8,736,383
Construction in progress	3,345,470	853,179	4,198,649	397,921	47,803	445,724
Land improvements	1,692,946	13,710	1,706,656	1,825,332	14,573	1,839,905
Buildings and improvements	33,136,597	1,409,236	34,545,833	34,432,638	1,456,162	35,888,800
Infrastructure	2,619,067	5,156,425	7,775,492	2,791,442	5,306,225	8,097,667
Machinery, equipment and furniture	683,148	3,262,880	3,946,028	864,730	3,950,565	4,815,295
Vehicles	2,293,712	-	2,293,712	1,858,789	6,703	1,865,492
Total	\$ 52,651,182	\$ 10,711,571	\$ 63,362,753	\$ 50,891,094	\$ 10,798,172	\$ 61,689,266

Long-Term Obligations – At the end of the fiscal year, the Town had total debt outstanding of \$74,228,364. 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, 2019			June 30, 2018		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
General Obligation Bonds & Loans	\$ 29,748,577	\$ 3,492,432	\$ 33,241,009	\$ 28,174,416	\$ 3,861,537	\$ 32,035,953
Capital leases payable	-	-	-	63,906	19,338	83,244
Amortized premium on bonds	3,193,429	37,449	3,230,878	3,199,217	41,194	3,240,411
Accrued compensated absences	1,156,108	-	1,156,108	1,030,228	-	1,030,228
Settlements payable	100,100	113,668	213,768	100,100	-	100,100
Net OPEB obligation	10,271,544	-	10,271,544	8,875,324	-	8,875,324
Net pension liabilities	26,115,057	-	26,115,057	24,541,420	-	24,541,420
Totals	\$ 70,584,815	\$ 3,643,549	\$ 74,228,364	\$ 65,984,611	\$ 3,922,069	\$ 69,906,680

The Town retired bond debt of \$2,725,839 for Governmental Activities and \$369,105 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, 2019.

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2019-2020 is \$45,066,196, an increase of \$1,088,395 (2.47%) from the prior year. Education, at \$26,274,521 or 58.30% of the total budgeted expenditures. The increase for education was \$155,312, which is made up primarily of Town Appropriation.

For the fiscal year 2019-2020, the tax rate was broken down into three tiers: residential, commercial and personal property, with rates of \$15.865, \$18.870 and \$42.500, respectively. The breakdown consists of 41.48% for municipal and 58.52% for education. For the fiscal year 2018-2019, the tax rate was broken down into the same three tiers, with rates of \$17.237, \$19.125 and \$42.999, respectively. The breakdown consists of 41.23% for municipal and 58.77% 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!

Cynthia DeJesus
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, 2019

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 19,888,062	\$ 2,408,019	\$ 22,296,081
Real estate and personal property tax receivable, net	1,259,792	-	1,259,792
Water and sewer use fees receivable, net	-	254,154	254,154
Sewer assessments receivable, net	-	445,874	445,874
Due from federal and state government	316,732	-	316,732
Accrued interest receivable, net	384,865	-	384,865
Other receivables	131,177	127,336	258,513
Internal balances	492,782	(492,782)	-
Inventory	11,450	-	11,450
Total current assets	<u>22,484,860</u>	<u>2,742,601</u>	<u>25,227,461</u>
Noncurrent assets:			
Sewer assessments receivable, net	-	2,355,406	2,355,406
Capital assets: (Note 6)			
Land and land easements	8,880,242	16,141	8,896,383
Construction in progress	3,345,470	853,179	4,198,649
Depreciable buildings, property, equipment, infrastructure, net	40,425,470	9,842,251	50,267,721
Capital assets, net	<u>52,651,182</u>	<u>10,711,571</u>	<u>63,362,753</u>
Net pension assets	2,445,327	-	2,445,327
Total noncurrent assets	<u>55,096,509</u>	<u>13,066,977</u>	<u>68,163,486</u>
Total assets	<u>77,581,369</u>	<u>15,809,578</u>	<u>93,390,947</u>
Deferred outflows of resources:			
Deferred pension amounts	8,500,287	-	8,500,287
Deferred other post employment benefit amounts	1,287,837	-	1,287,837
Deferred amounts on refunding	1,148,962	33,254	1,182,216
Total deferred outflows of resources	<u>10,937,086</u>	<u>33,254</u>	<u>10,970,340</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,999,447	235,528	2,234,975
Accrued interest payable	160,308	57,212	217,520
Unearned revenue	2,359	-	2,359
Settlements payable - due within one year	14,300	95,038	109,338
Long-term debt - due within one year (Note 7)	3,021,766	384,312	3,406,078
Total current liabilities	<u>5,198,180</u>	<u>772,090</u>	<u>5,970,270</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year (Note 7)	29,920,240	3,145,569	33,065,809
Accrued compensated absences	1,156,108	-	1,156,108
Settlements payable - due in more than one year	85,800	18,630	104,430
Other liabilities	-	101,770	101,770
Net pension liabilities	26,115,057	-	26,115,057
Net other post employment benefit liabilities	10,271,544	-	10,271,544
Total noncurrent liabilities	<u>67,548,749</u>	<u>3,265,969</u>	<u>70,814,718</u>
Total liabilities	<u>72,746,929</u>	<u>4,038,059</u>	<u>76,784,988</u>
Deferred Inflows of Resources:			
Deferred pension amounts	2,937,084	-	2,937,084
Deferred other post employment benefit amounts	202,574	-	202,574
Deferred sewer assessments	-	2,728,756	2,728,756
Total deferred inflows of resources	<u>3,139,658</u>	<u>2,728,756</u>	<u>5,868,414</u>
Net Position:			
Net investment in capital assets	27,789,930	7,630,930	35,420,860
Restricted for:			
Education programs	2,176,999	-	2,176,999
Public safety programs	510,724	-	510,724
Historical records preservation	70,924	-	70,924
Other programs	120,423	-	120,423
Unrestricted	<u>(18,037,132)</u>	<u>1,445,087</u>	<u>(16,592,045)</u>
Total net position	<u>\$ 12,631,868</u>	<u>\$ 9,076,017</u>	<u>\$ 21,707,885</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, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,669,088	\$ 462,392	\$ 92,369	\$ -	\$ (1,114,327)	\$ -	\$ (1,114,327)
Financial administration	1,124,361	66,223	33,629	-	(1,024,509)	-	(1,024,509)
Public safety	7,895,449	841,294	27,197	-	(7,026,958)	-	(7,026,958)
Public works	3,385,898	219,483	10,175	117,437	(3,038,803)	-	(3,038,803)
Grants and contributions	7,171	-	-	-	(7,171)	-	(7,171)
Education	31,255,616	713,934	8,830,002	-	(21,711,680)	-	(21,711,680)
Interest on long-term debt	969,762	-	999,892	-	30,130	-	30,130
Total governmental activities	46,307,345	2,303,326	9,993,264	117,437	(33,893,318)	-	(33,893,318)
Business-Type Activities:							
Water	497,341	598,178	-	-	-	100,837	100,837
Sewer	2,679,418	2,325,072	-	-	-	(354,346)	(354,346)
Total business-type activities	3,176,759	2,923,250	-	-	-	(253,509)	(253,509)
Total	\$ 49,484,104	\$ 5,226,576	\$ 9,993,264	\$ 117,437	(33,893,318)	(253,509)	(34,146,827)
General Revenues:							
Taxes:							
Property taxes					34,214,301	-	34,214,301
State aid and in lieu of taxes, not restricted for a specific purpose					1,429,710	-	1,429,710
Investment earnings					248,416	36,652	285,068
Miscellaneous					19,374	-	19,374
Total general revenues					35,911,801	36,652	35,948,453
Change in net position					2,018,483	(216,857)	1,801,626
Net position - beginning of year					10,613,385	9,292,874	19,906,259
Net position - end of year					\$ 12,631,868	\$ 9,076,017	\$ 21,707,885

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2019*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Town Building Bond</u>	<u>School Building Bond</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 9,460,566	\$ 2,225,223	\$ 4,213,975	\$ 3,408,567	\$ 579,731	\$ 19,888,062
Real estate and personal property tax receivable (net)	1,259,792	-	-	-	-	1,259,792
Due from federal and state governments	-	25,648	-	-	291,084	316,732
Other receivables	79,059	35,866	-	-	16,252	131,177
Due from other funds	873,138	792,208	-	-	712,202	2,377,548
Inventory	11,450	-	-	-	-	11,450
Total assets	<u>\$ 11,684,005</u>	<u>\$ 3,078,945</u>	<u>\$ 4,213,975</u>	<u>\$ 3,408,567</u>	<u>\$ 1,599,269</u>	<u>\$ 23,984,761</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ 481,639	\$ 573,540	\$ 270,250	\$ 529,719	\$ 64,034	\$ 1,919,182
Due to other funds	1,524,966	111,342	-	-	318,692	1,955,000
Unearned revenue	2,359	-	-	-	-	2,359
Other liabilities	10,031	-	-	-	-	10,031
Total liabilities	<u>2,018,995</u>	<u>684,882</u>	<u>270,250</u>	<u>529,719</u>	<u>382,726</u>	<u>3,886,572</u>
Deferred Inflows of Resources:						
Deferred property taxes	1,089,489	-	-	-	-	1,089,489
Other deferred revenues	-	-	-	-	15,022	15,022
Total deferred inflows of resources	<u>1,089,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,022</u>	<u>1,104,511</u>
Fund Balances (Deficits):						
Nonspendable:						
Inventory	11,450	-	-	-	-	11,450
Restricted for:						
Education programs	-	2,087,026	-	-	89,973	2,176,999
Public safety programs	-	-	-	-	510,724	510,724
Historical records preservation	-	-	-	-	70,924	70,924
Capital projects	-	-	3,943,725	2,878,848	109,219	6,931,792
Other programs	4,126	-	-	-	101,275	105,401
Committed for:						
Road resurfacing and repairs	336,497	-	-	-	-	336,497
Revaluation	225,899	-	-	-	-	225,899
Capital assets and projects	378,690	-	-	-	291,005	669,695
Branch Village project	67,000	-	-	-	-	67,000
Public safety programs	12,045	-	-	-	37,460	49,505
Other	173,101	-	-	-	-	173,101
Assigned to:						
Road resurfacing and repairs	521,336	-	-	-	-	521,336
Capital assets and projects	251,480	-	-	-	-	251,480
Public safety programs	4,600	-	-	-	-	4,600
Other	230,983	-	-	-	-	230,983
Building and field maintenance	-	193,445	-	-	-	193,445
Preschool program	-	87,894	-	-	-	87,894
Extraordinary special education costs	-	25,698	-	-	-	25,698
Unassigned	6,358,314	-	-	-	(9,059)	6,349,255
Total fund balances (deficits)	<u>8,575,521</u>	<u>2,394,063</u>	<u>3,943,725</u>	<u>2,878,848</u>	<u>1,201,521</u>	<u>18,993,678</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,684,005</u>	<u>\$ 3,078,945</u>	<u>\$ 4,213,975</u>	<u>\$ 3,408,567</u>	<u>\$ 1,599,269</u>	<u>\$ 23,984,761</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, 2019

Total Fund Balances - Total Governmental Funds	\$ 18,993,678
 <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 6 to the financial statements.	52,651,182
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.	384,865
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	15,022
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.	1,089,489
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.	(160,308)
Long-term liabilities (including bonds and loans payable, capital leases, settlements, compensated absences, net other post employment benefit liabilities, 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 7 to the financial statements.	(70,584,815)
Deferred outflows related debt refunding are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	1,148,962
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in Governmental Funds financial statements.	2,445,327
Deferred outflows and inflows related to pensions and other post employment benefits are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	
Deferred outflows - pension	8,500,287
Deferred inflows - pension	(2,937,084)
Deferred outflows - other post employment benefits	1,287,837
Deferred inflows - other post employment benefits	<u>(202,574)</u>
 Net Position of Governmental Activities	 <u><u>\$ 12,631,868</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, 2019

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Town Building Bond</i>	<i>School Building Bond</i>	<i>Other Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:						
Property taxes	\$ 34,418,227	\$ -	\$ -	\$ -	\$ -	\$ 34,418,227
Motor vehicle excise in lieu of tax	965,888	-	-	-	-	965,888
Intergovernmental and grant revenue	1,583,029	7,544,305	-	-	1,008,410	10,135,744
Town clerk licenses and fees	376,056	-	-	-	-	376,056
Other departmental fines and fees	495,452	377,929	-	-	58,770	932,151
Investment and interest income	143,365	-	83,108	13,319	8,624	248,416
Other revenues	353,129	6,231	-	-	799,895	1,159,255
Total revenues	<u>38,335,146</u>	<u>7,928,465</u>	<u>83,108</u>	<u>13,319</u>	<u>1,875,699</u>	<u>48,235,737</u>
Expenditures:						
Current:						
General government	1,302,234	-	-	-	35,364	1,337,598
Financial administration	905,973	-	-	-	-	905,973
Public safety	6,033,601	-	-	-	93,296	6,126,897
Public works	2,549,008	-	-	-	12,076	2,561,084
Fixed charges	2,136,416	-	-	-	-	2,136,416
Grants and contributions	7,171	-	-	-	-	7,171
Education	-	27,529,295	-	-	1,307,900	28,837,195
Other	-	-	-	-	13,292	13,292
Capital outlay	570,331	-	1,076,208	1,675,228	688,787	4,010,554
Debt service:						
Principal	2,789,744	-	-	-	-	2,789,744
Interest and issuance costs	1,098,678	-	-	68,461	-	1,167,139
Total expenditures	<u>17,393,156</u>	<u>27,529,295</u>	<u>1,076,208</u>	<u>1,743,689</u>	<u>2,150,715</u>	<u>49,893,063</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>20,941,990</u>	<u>(19,600,830)</u>	<u>(993,100)</u>	<u>(1,730,370)</u>	<u>(275,016)</u>	<u>(1,657,326)</u>
Other financing sources (uses):						
Bonds issued	-	-	-	4,300,000	-	4,300,000
Premium on bonds issued	-	-	-	324,646	-	324,646
Transfers from other funds	-	19,681,526	-	-	189,385	19,870,911
Transfers to other funds	(19,715,281)	(155,630)	-	-	-	(19,870,911)
Total other financing sources (uses)	<u>(19,715,281)</u>	<u>19,525,896</u>	<u>-</u>	<u>4,624,646</u>	<u>189,385</u>	<u>4,624,646</u>
Net change in fund balances	1,226,709	(74,934)	(993,100)	2,894,276	(85,631)	2,967,320
Fund balances (deficits) - beginning of year	<u>7,348,812</u>	<u>2,468,997</u>	<u>4,936,825</u>	<u>(15,428)</u>	<u>1,287,152</u>	<u>16,026,358</u>
Fund balances (deficits) - end of year	<u>\$ 8,575,521</u>	<u>\$ 2,394,063</u>	<u>\$ 3,943,725</u>	<u>\$ 2,878,848</u>	<u>\$ 1,201,521</u>	<u>\$ 18,993,678</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, 2019

Net Changes in Fund Balances - Total Governmental Funds \$ 2,967,320

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. 4,001,545

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. (2,241,457)

Long-term compensated absences, net pension liabilities (assets) and net other post employment benefit (OPEB) liabilities 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 liabilities are not reported as expenditures in Governmental Funds financial statements. This amount represents the change in these long-term liabilities from the prior year. (866,272)

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 and payments to escrow agents are expenditures or uses of current financial resources in Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position. This amount represents long-term debt principal payments. 2,789,745
This amount represents bonds issued during the current period. (4,300,000)

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. This amount represents amortization of deferred amounts on refunding during the current period. (126,708)
This amount represents amortization of premium on debt during the current period. 330,434
This amount represents bonds issued at a premium during the current period. (324,646)

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. (6,350)

Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds. (205,128)

Change in Net Position of Governmental Activities \$ 2,018,483

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, 2019

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water</i>	<i>Sewer</i>	<i>Sewer</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assessment</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2,408,019	\$ -	\$ 2,408,019
Accounts receivable:				
Water and sewer use fees, net	142,009	112,145	-	254,154
Sewer assessments, net	-	445,874	-	445,874
Other	-	127,336	-	127,336
Due from other funds	253,662	37,020	-	290,682
Total current assets	395,671	3,130,394	-	3,526,065
Noncurrent assets:				
Sewer assessments receivable, net	-	2,355,406	-	2,355,406
Capital assets:				
Non-depreciable assets	16,141	853,179	-	869,320
Depreciable assets - net	2,100,069	7,742,182	-	9,842,251
Total noncurrent assets	2,116,210	10,950,767	-	13,066,977
Total assets	2,511,881	14,081,161	-	16,593,042
Deferred outflows of resources				
Deferred amounts on refunding	-	33,254	-	33,254
Total deferred outflows of resources	-	33,254	-	33,254
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	172,260	20,321	42,947	235,528
Accrued interest payable	31,920	25,292	-	57,212
Due to other funds	-	21,035	762,429	783,464
Settlement payable	-	95,038	-	95,038
Current portion of long term debt	136,972	247,340	-	384,312
Total current liabilities	341,152	409,026	805,376	1,555,554
Noncurrent liabilities:				
Long-term debt	775,204	2,370,365	-	3,145,569
Settlement payable	-	18,630	-	18,630
Other liabilities	43,300	58,470	-	101,770
Total noncurrent liabilities	818,504	2,447,465	-	3,265,969
Total liabilities	1,159,656	2,856,491	805,376	4,821,523
Deferred inflows of resources				
Deferred sewer assessments	-	2,728,756	-	2,728,756
Total deferred inflows of resources	-	2,728,756	-	2,728,756
Net position				
Net investment in capital assets	1,204,034	6,426,896	-	7,630,930
Unrestricted	148,191	2,102,272	(805,376)	1,445,087
Total net position	\$ 1,352,225	\$ 8,529,168	\$ (805,376)	\$ 9,076,017

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, 2019

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water</i>	<i>Sewer</i>	<i>Sewer</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assessment</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
Operating revenues				
Assessments and user fees	\$ 546,418	\$ 2,222,887	\$ -	\$ 2,769,305
Other revenues	51,760	102,185	-	153,945
Total operating revenues	598,178	2,325,072	-	2,923,250
Operating expenses				
Salaries and benefits	32,421	180,038	-	212,459
Service	275,294	1,330,338	-	1,605,632
Operating supplies	1,666	10,278	-	11,944
Fixed and general charges	65,610	166,178	-	231,788
Settlements	-	113,668	-	113,668
Depreciation	77,542	814,435	-	891,977
Total operating expenses	452,533	2,614,935	-	3,067,468
Operating income (loss)	145,645	(289,863)	-	(144,218)
Nonoperating revenues (expenses)				
Interest income	-	36,652	-	36,652
Interest expense	(44,808)	(64,483)	-	(109,291)
Total non-operating revenues (expenses)	(44,808)	(27,831)	-	(72,639)
Income (loss) before transfers	100,837	(317,694)	-	(216,857)
Transfer in	-	805,376	-	805,376
Transfer out	-	-	(805,376)	(805,376)
Change in net position	100,837	487,682	(805,376)	(216,857)
Total net position - beginning of year	1,251,388	8,041,486	-	9,292,874
Total net position - end of year	\$ 1,352,225	\$ 8,529,168	\$ (805,376)	\$ 9,076,017

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, 2019

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ 591,400	\$ 2,397,775	\$ -	\$ 2,989,175
Cash payments to suppliers for goods and services	(337,318)	(1,663,612)	-	(2,000,930)
Cash payments to employees for services	(32,388)	(179,852)	-	(212,240)
<i>Net cash provided by operating activities</i>	221,694	554,311	-	776,005
<i>Cash flows from non-capital financing activities</i>				
Interfund transactions	(35,658)	(48,819)	762,429	677,952
<i>Net cash provided by (used for) non-capital financing activities</i>	(35,658)	(48,819)	762,429	677,952
<i>Cash flows from capital and related financing activities</i>				
Acquisition and construction of capital assets	-	-	(762,429)	(762,429)
Principal paid on bonds and loans	(138,757)	(249,687)	-	(388,444)
Interest paid on bonds and loans	(47,279)	(59,157)	-	(106,436)
<i>Net cash used for capital and related financing activities</i>	(186,036)	(308,844)	(762,429)	(1,257,309)
<i>Cash flows from investing activities</i>				
Investment income	-	36,652	-	36,652
<i>Net cash provided by investing activities</i>	-	36,652	-	36,652
<i>Net increase in cash and cash equivalents</i>	-	233,300	-	233,300
<i>Cash and cash equivalents, beginning of year</i>	-	2,174,719	-	2,174,719
<i>Cash and cash equivalents, end of year</i>	\$ -	\$ 2,408,019	\$ -	\$ 2,408,019

(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, 2019

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<u><i>Water</i></u> <i>Fund</i>	<u><i>Sewer</i></u> <i>Fund</i>	<u><i>Sewer</i></u> <u><i>Assessment</i></u> <i>Fund</i>	
<i>Reconciliation of operating income (loss) to net cash provided by operating activities</i>				
Operating income (loss)	\$ 145,645	\$ (289,863)	\$ -	\$ (144,218)
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>				
Depreciation	77,542	814,435	-	891,977
Settlements	-	113,668	-	113,668
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(6,779)	(127,961)	-	(134,740)
Increase (decrease) in accounts payable and accrued expenses	5,286	(29,295)	-	(24,009)
Increase (decrease) in deferred sewer assessments	-	73,327	-	73,327
<i>Net cash provided by operating activities</i>	<u>\$ 221,694</u>	<u>\$ 554,311</u>	<u>\$ -</u>	<u>\$ 776,005</u>

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, 2019

	<i>Other Post Employment Benefits Trust Fund</i>	<i>Private-Purpose Trust Buxton Family Association</i>	<i>Agency Funds</i>
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ -	\$ 815	\$ 215,822
Investments:			
Pooled investments	751,591	-	-
Due from other funds	-	-	70,234
Total assets	<u>751,591</u>	<u>815</u>	<u>286,056</u>
Liabilities			
Deposits held in custody for others	-	-	286,056
Total liabilities	<u>-</u>	<u>-</u>	<u>286,056</u>
Net position			
Restricted for other post employment benefits and other purposes	<u>\$ 751,591</u>	<u>\$ 815</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 Fiscal Year Ended June 30, 2019

	<u><i>Other Post Employment Benefits Trust Fund</i></u>	<u><i>Private-Purpose Trust Buxton Family Association</i></u>
<i>Additions</i>		
Contributions:		
Employer	\$ 527,084	\$ -
Total contributions	<u>527,084</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	44,247	-
Interest and dividends	<u>-</u>	<u>13</u>
Total investment earnings	44,247	13
Less investment expense	<u>1,697</u>	<u>-</u>
Net investment income	<u>42,550</u>	<u>13</u>
<i>Total additions</i>	<u>569,634</u>	<u>13</u>
<i>Deductions</i>		
Benefits	<u>327,084</u>	<u>-</u>
<i>Total deductions</i>	<u>327,084</u>	<u>-</u>
<i>Change in net position</i>	242,550	13
<i>Net position - beginning of year</i>	<u>509,041</u>	<u>802</u>
<i>Net position - end of year</i>	<u>\$ 751,591</u>	<u>\$ 815</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 potential 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 other organizations for which the nature and significance of their 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, 2019

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, 2019

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.

Town Building Bond Fund – This fund accounts for debt proceeds used for major capital projects for Town buildings.

School Building Bond Fund – This fund accounts for debt proceeds used for major capital projects for School buildings.

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 three 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.

Sewer Assessment Fund – The Sewer Assessment Fund is used to account for the sewer assessment

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

fees and the project costs associated with new sewer service projects beginning July 1, 2018 or later.

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 an Other Post Employment Benefits Trust Fund, 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.

Other Post Employment Benefits Trust Fund – This fund accounts for assets held under a trust arrangement to finance other post employment benefits of Town employees and payments of these benefits as they come due.

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. 83 – *Certain Asset Retirement Obligations*, effective for the Town's fiscal year ending June 30, 2019.
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the Town's fiscal year ending June 30, 2019.

The adoption of GASB Statement Numbers 83 and 88 did not have an impact on the Town's financial position or results of operations.

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

- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town's fiscal year ending June 30, 2020.
- GASB Statement No. 87 – *Leases*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town's fiscal year ending June 30, 2020.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2022.

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

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’s investments are reported at fair value, except for pooled investments which are reported at net asset value per share (which approximates 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. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

I. 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 acquisition 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

J. DEBT PREMIUMS

In the Governmental Fund Financial Statements, debt premiums are reported as an “other financing source”. In the Government-Wide Statements, debt premiums are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable.

K. 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 amounts are reported for amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town’s other post employment benefits plan and pension plans that will be amortized as a component of other post employment benefit expense and pension expense in future years.

L. PROPERTY TAXES

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98.1% of the total 2018 levy. The Town's fiscal 2018-2019 property taxes were levied on July 2, 2018 on assessed valuation as of December 31, 2017. 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

M. 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, 2019.

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.

N. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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.

O. 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.

P. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of North Smithfield's Other Post Employment Benefits Plan (the plan) and additions to/deductions from the plan's fiduciary net position have been determined on the same

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Q. 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 \$48,285,464. As of June 30, 2019, the Town’s debt subject to the legal debt margin is \$5,385,953 and the Town is under the debt limit by \$42,899,511. The debt subject to the debt limitation is based on the type of debt that is issued.

B. DEFICIT FUND BALANCES

The following other nonmajor governmental funds have deficit fund balances as of June 30, 2019: Renewable Energy Grant \$(9,059).

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in four 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</i>
	<i>Amount</i>
Total Deposits	\$22,511,568
Add: Petty cash	1,150
<i>Total Cash and Cash Equivalents</i>	<hr/>
<i>Reported in the Financial Statements</i>	<i>\$22,512,718</i> <hr/>

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, 2019, \$22,651,020 of the Town’s bank balance of \$23,651,020 was exposed to custodial credit risk as follows:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

	<u>Bank Balance</u>
Insured (Federal depository insurance funds)	\$1,000,000
Collateralized with securities held by pledging financial institution or its agent in the Town's name	18,984,565
Collateralized with securities held by pledging financial institution or its agent, but not in the Town's name	3,666,455
Uninsured and uncollateralized	-
Total	<u><u>\$23,651,020</u></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, 2019, the Town's uncollateralized deposits with institutions were \$0.

NOTE 4 – INVESTMENTS

At June 30, 2019, the Town's investment balances were as follows:

<u>Investment</u>	<u>Fair Value</u>
Trust OPEB Funding Program	<u>\$751,591</u>
Total Investments Reported In the Financial Statements	<u><u>\$751,591</u></u>

The Town's General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as Certificate of Deposits, Money Market Funds, Obligations guaranteed by the U.S. Government, etc. with the goal of seeking responsible income while preserving capital.

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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town had no recurring or nonrecurring fair value measurements as of June 30, 2019.

The valuation method for pooled investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table:

	<u><i>Fair Value</i></u>	<u><i>Redemption Frequency</i></u>	<u><i>Redemption Notice Period</i></u>
Trust OPEB Funding Program	\$751,591	Daily	None

The Trust OPEB Funding Program investment utilizes a balanced strategy seeking both a reasonable level of income and long-term growth of capital and income. The Program invests in seven index and mutual funds: total stock market index fund, total international stock index fund, total bond market index fund, intermediate-term investment grade fund, short-term investment grade fund, inflation protected securities fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2019 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	\$ 160,000	\$ -	\$ 8,880,242
Construction in progress	397,921	2,947,549	-	3,345,470
	<u>9,118,163</u>	<u>3,107,549</u>	<u>-</u>	<u>12,225,712</u>
Depreciable assets:				
Land improvements	4,036,113	-	-	4,036,113
Buildings and improvements	55,395,966	30,929	-	55,426,895
Infrastructure	24,861,186	22,501	-	24,883,687
Machinery, equipment and furniture	5,243,667	23,374	-	5,267,041
Vehicles	5,023,954	817,192	-	5,841,146
	<u>94,560,886</u>	<u>893,996</u>	<u>-</u>	<u>95,454,882</u>
Total capital assets	<u>103,679,049</u>	<u>4,001,545</u>	<u>-</u>	<u>107,680,594</u>
Less accumulated depreciation for:				
Land improvements	2,210,781	132,386	-	2,343,167
Buildings and improvements	20,963,328	1,326,970	-	22,290,298
Infrastructure	22,069,744	194,876	-	22,264,620
Machinery, equipment and furniture	4,378,937	204,956	-	4,583,893
Vehicles	3,165,165	382,269	-	3,547,434
	<u>52,787,955</u>	<u>2,241,457</u>	<u>-</u>	<u>55,029,412</u>
Total accumulated depreciation	<u>52,787,955</u>	<u>2,241,457</u>	<u>-</u>	<u>55,029,412</u>
Governmental activities capital assets, net	<u>\$ 50,891,094</u>	<u>\$ 1,760,088</u>	<u>\$ -</u>	<u>\$ 52,651,182</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 16,141	\$ -	\$ -	\$ 16,141
Construction in progress	47,803	805,376	-	853,179
	<u>63,944</u>	<u>805,376</u>	<u>-</u>	<u>869,320</u>
Depreciable assets:				
Land improvements	32,405	-	-	32,405
Buildings and improvements	2,346,289	-	-	2,346,289
Infrastructure	11,374,163	-	-	11,374,163
Machinery, equipment and furniture	19,252,452	-	-	19,252,452
Vehicles	139,110	-	-	139,110
	<u>33,144,419</u>	<u>-</u>	<u>-</u>	<u>33,144,419</u>
Total capital assets	<u>33,208,363</u>	<u>805,376</u>	<u>-</u>	<u>34,013,739</u>
Less accumulated depreciation for:				
Land improvements	17,832	863	-	18,695
Buildings and improvements	890,127	46,926	-	937,053
Infrastructure	6,067,938	149,800	-	6,217,738
Machinery, equipment and furniture	15,301,887	687,685	-	15,989,572
Vehicles	132,407	6,703	-	139,110
	<u>22,410,191</u>	<u>891,977</u>	<u>-</u>	<u>23,302,168</u>
Total accumulated depreciation	<u>22,410,191</u>	<u>891,977</u>	<u>-</u>	<u>23,302,168</u>
Business-type activities capital assets, net	<u>\$ 10,798,172</u>	<u>\$ (86,601)</u>	<u>\$ -</u>	<u>\$ 10,711,571</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 85,453
Public safety	230,106
Public works	490,267
Education	1,435,631
Total depreciation expense, governmental activities	<u><u>\$ 2,241,457</u></u>

Business-type activities:

Water fund	\$ 77,542
Sewer fund	814,435
Total depreciation expense, business-type activities	<u><u>\$ 891,977</u></u>

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2019 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 and loans payable:					
Bonds and loans payable	\$ 24,524,416	\$ 4,300,000	\$ 2,232,894	\$ 26,591,522	\$ 2,512,766
Bonds from direct placements	1,145,000	-	262,945	882,055	259,000
Loans from direct borrowings	2,505,000	-	230,000	2,275,000	250,000
	<u>28,174,416</u>	<u>4,300,000</u>	<u>2,725,839</u>	<u>29,748,577</u>	<u>3,021,766</u>
Plus amortized premium on bonds	3,199,217	324,646	330,434	3,193,429	-
Total bonds and loans	<u>31,373,633</u>	<u>4,624,646</u>	<u>3,056,273</u>	<u>32,942,006</u>	<u>3,021,766</u>
Other liabilities:					
Capital leases	63,906	-	63,906	-	-
Accrued compensated absences	1,030,228	125,880	-	1,156,108	-
Settlements payable	100,100	-	-	100,100	14,300
Net other postemployment benefit liabilities	8,875,324	1,396,220	-	10,271,544	-
Net pension liabilities	24,541,420	1,573,637	-	26,115,057	-
Total Governmental Activities					
Long-Term Liabilities	<u><u>\$ 65,984,611</u></u>	<u><u>\$ 7,720,383</u></u>	<u><u>\$ 3,120,179</u></u>	<u><u>\$ 70,584,815</u></u>	<u><u>\$ 3,036,066</u></u>
Business-type activities:					
Bonds and loans payable:					
Bonds payable	\$ 773,477	\$ -	\$ 102,000	\$ 671,477	\$ 108,233
Bonds and loans from direct borrowings	3,088,060	-	267,105	2,820,955	276,079
	<u>3,861,537</u>	<u>-</u>	<u>369,105</u>	<u>3,492,432</u>	<u>384,312</u>
Plus amortized premium on bonds	41,194	-	3,745	37,449	-
Total bonds and loans	<u>3,902,731</u>	<u>-</u>	<u>372,850</u>	<u>3,529,881</u>	<u>384,312</u>
Other liabilities:					
Capital leases	19,338	-	19,338	-	-
Settlements payable	-	113,668	-	113,668	95,038
Total Business-Type Activities					
Long-Term Liabilities	<u><u>\$ 3,922,069</u></u>	<u><u>\$ 113,668</u></u>	<u><u>\$ 392,188</u></u>	<u><u>\$ 3,643,549</u></u>	<u><u>\$ 479,350</u></u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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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 liabilities 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, 2019 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities Bonds and Loans Payable</i>		<i>Governmental Activities Bonds from Direct Placements</i>		<i>Governmental Activities Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2020	\$ 2,512,766	\$ 1,044,723	\$ 259,000	\$ 15,195	\$ 250,000	\$ 87,360
2021	2,592,767	946,772	251,000	10,172	275,000	77,760
2022	2,682,766	845,211	252,055	5,205	300,000	67,200
2023	2,754,162	755,223	60,000	2,035	320,000	55,680
2024	2,854,163	646,356	60,000	678	350,000	43,392
2025-2029	11,044,898	1,478,744	-	-	780,000	45,504
2030-2034	1,075,000	274,125	-	-	-	-
2035-2039	1,075,000	96,750	-	-	-	-
2040	-	-	-	-	-	-
	<u>\$ 26,591,522</u>	<u>\$ 6,087,904</u>	<u>\$ 882,055</u>	<u>\$ 33,285</u>	<u>\$2,275,000</u>	<u>\$ 376,896</u>

<i>Fiscal Year Ended June 30,</i>	<i>Business-Type Activities Bonds Payable</i>		<i>Business-Type Activities Bonds and Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2020	\$ 108,233	\$ 17,308	\$ 276,079	\$ 84,065
2021	106,234	14,073	247,277	68,986
2022	105,233	10,868	226,072	60,596
2023	55,838	8,152	229,752	54,051
2024	55,837	5,919	199,066	47,235
2025-2029	240,102	10,581	1,066,809	155,476
2030-2034	-	-	346,900	76,090
2035-2039	-	-	190,105	40,365
2040	-	-	38,895	2,184
	<u>\$ 671,477</u>	<u>\$ 66,901</u>	<u>\$2,820,955</u>	<u>\$ 589,048</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Financial Statements
 June 30, 2019

C. SCHEDULE OF BONDS AND LOANS PAYABLE

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2018</i>	<i>New Issues</i>	<i>Refundings/ Maturities During Year</i>	<i>Outstanding June 30, 2019</i>
Governmental Activities:								
Bonds and loans payable:								
School general obligation bond	12/15/2008	3.125-5.00%	12/15/2028	\$ 700,000	\$ 35,000	\$ -	\$ 35,000	\$ -
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	1,441,624	1,434,416	-	82,894	1,351,522
General obligation bond	6/30/2016	2.00-4.00%	6/15/2026	7,350,000	6,035,000	-	675,000	5,360,000
Refunding loan	8/10/2016	2.00-5.00%	5/15/2028	17,115,000	17,020,000	-	1,440,000	15,580,000
School general obligation bond	5/16/2019	3.00-4.00%	5/15/2039	4,300,000	-	4,300,000	-	4,300,000
Bonds from direct placements:								
Refunding bond	6/12/2012	1.89%	10/15/2021	2,068,000	800,000	-	207,945	592,055
General obligation bond	12/30/2013	2.25%	12/15/2023	545,000	345,000	-	55,000	290,000
Loans from direct borrowings:								
School loan	9/2/2010	3.84%	4/1/2026	3,550,000	2,505,000	-	230,000	2,275,000
Total Governmental Activities				<u>37,069,624</u>	<u>28,174,416</u>	<u>4,300,000</u>	<u>2,725,839</u>	<u>29,748,577</u>
Business-Type Activities:								
Water Fund:								
Bonds payable:								
Refunding bond	6/12/2012	1.89%	10/15/2021	517,000	200,000	-	52,000	148,000
Bonds from direct borrowings:								
Water bond	5/11/1982	5.00%	5/11/2022	50,000	10,199	-	2,397	7,802
Water bond	5/16/1995	6.00%	5/16/2020	500,000	70,279	-	34,817	35,462
Water bond	8/26/1999	5.00%	8/26/2039	790,900	606,328	-	15,759	590,569
Shell oil bond	9/16/1997	5.50%	9/16/2022	500,000	158,864	-	28,521	130,343
				<u>2,357,900</u>	<u>1,045,670</u>	<u>-</u>	<u>133,494</u>	<u>912,176</u>
Sewer Fund:								
Bonds payable:								
Sewer general obligation bond	12/15/2008	3.125-5.00%	12/15/2028	1,000,000	50,000	-	50,000	-
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	558,376	523,477	-	-	523,477
Bonds and loans from direct borrowings:								
Mendon road project #1 bond	12/18/1990	7.25%	12/18/2020	303,000	62,901	-	20,295	42,606
Mendon road project #2 bond	4/7/1992	6.625%	4/7/2021	60,000	12,155	-	3,891	8,264
Clean water revolving loan	10/6/2009	0.49-1.93%	9/1/2029	4,750,000	2,167,334	-	161,425	2,005,909
				<u>6,671,376</u>	<u>2,815,867</u>	<u>-</u>	<u>235,611</u>	<u>2,580,256</u>
Total Business-Type Activities				<u>9,029,276</u>	<u>3,861,537</u>	<u>-</u>	<u>369,105</u>	<u>3,492,432</u>
Total Bonds and Loans Payable				<u>\$ 46,098,900</u>	<u>\$ 32,035,953</u>	<u>\$ 4,300,000</u>	<u>\$ 3,094,944</u>	<u>\$ 33,241,009</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2019 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>Sewer Assessment Fund</i>	
<i>Due To:</i>						
General Fund	\$ 34,670	\$ -	\$ 76,039	\$ -	\$ 762,429	\$ 873,138
School Unrestricted Fund	549,555	-	242,653	-	-	792,208
Nonmajor Governmental Funds	600,860	111,342	-	-	-	712,202
Water Fund	232,627	-	-	21,035	-	253,662
Sewer Fund	37,020	-	-	-	-	37,020
Agency Funds	70,234	-	-	-	-	70,234
Total	<u>\$ 1,524,966</u>	<u>\$ 111,342</u>	<u>\$ 318,692</u>	<u>\$ 21,035</u>	<u>\$ 762,429</u>	<u>\$ 2,738,464</u>

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 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Transfer To:</i>				
School Unrestricted Fund	\$ 19,681,526	\$ -	\$ -	\$ 19,681,526
Nonmajor Governmental Funds	33,755	155,630	-	189,385
Sewer Fund	-	-	805,376	805,376
Total	<u>\$ 19,715,281</u>	<u>\$ 155,630</u>	<u>\$ 805,376</u>	<u>\$ 20,676,287</u>

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.

NOTE 10 – 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:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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<u>Fund/Description</u>	<u>Allowance for Doubtful Accounts</u>
Governmental Activities/General Fund – Real estate and personal property tax receivable	\$702,818
Governmental Activities – Accrued interest receivable	\$348,151
Business-Type Activities/Water Fund – Use fees receivable	\$1,426
Business-Type Activities/Sewer Fund – Use fees receivable	\$1,689
Business-Type Activities/Sewer Fund – Sewer assessments receivable	\$2,243

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 356,854	\$ 124,785	\$ -	\$ 481,639
School Unrestricted Fund	240,780	332,760	-	573,540
Town Building Bond	270,250	-	-	270,250
School Building Bond	529,719	-	-	529,719
Nonmajor Governmental Funds	64,034	-	-	64,034
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	80,265	80,265
Total Governmental Activities	\$ 1,461,637	\$ 457,545	\$ 80,265	\$ 1,999,447
Business-Type Activities:				
Water Fund	\$ 71,409	\$ 495	\$ 100,356	\$ 172,260
Sewer Fund	17,515	2,806	-	20,321
Sewer Assessment Fund	42,947	-	-	42,947
Total Business-Type Activities	\$ 131,871	\$ 3,301	\$ 100,356	\$ 235,528

NOTE 11 – 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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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 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The Town has established the following fund balance policies:

- General Fund unassigned fund balance will be maintained at a minimum of 12% but not more than 16% of General Fund expenditures in any given year.
- Enterprise Funds unrestricted net position will be maintained at a minimum of three months operating expenses plus 25% of the accumulated depreciation of the capital assets of the fund.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – 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 \$18,993,678 differs from the total net position for Governmental Activities \$12,631,868 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:

	<u>Total Governmental Funds</u>	<u>Long-Term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement Net Position Totals</u>
Assets:				
Cash and cash equivalents	\$ 19,888,062	\$ -	\$ -	\$ 19,888,062
Real and personal property				
tax receivable, net	1,259,792	-	-	1,259,792
Due from federal and state governments	316,732	-	-	316,732
Accrued interest receivable, net	-	384,865	-	384,865
Other receivables	131,177	-	-	131,177
Internal balances	2,377,548	-	(1,884,766)	492,782
Inventory	11,450	-	-	11,450
Capital assets, net	-	52,651,182	-	52,651,182
Net pension asset	-	2,445,327	-	2,445,327
Total assets	<u>\$ 23,984,761</u>	<u>\$ 55,481,374</u>	<u>\$ (1,884,766)</u>	<u>\$ 77,581,369</u>
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 10,937,086</u>	<u>\$ -</u>	<u>\$ 10,937,086</u>
Liabilities:				
Accounts payable and accrued expenditures	\$ 1,919,182	\$ -	\$ 80,265	\$ 1,999,447
Accrued interest payable	-	160,308	-	160,308
Internal balances	1,955,000	-	(1,955,000)	-
Unearned revenue	2,359	-	-	2,359
Other liabilities	10,031	-	(10,031)	-
Long-term liabilities:				
Due within one year	-	3,036,066	-	3,036,066
Due in more than one year	-	67,548,749	-	67,548,749
Total liabilities	<u>\$ 3,886,572</u>	<u>\$ 70,745,123</u>	<u>\$ (1,884,766)</u>	<u>\$ 72,746,929</u>
Total deferred inflows of resources	<u>\$ 1,104,511</u>	<u>\$ 2,035,147</u>	<u>\$ -</u>	<u>\$ 3,139,658</u>
Total fund balances/net position	<u>\$ 18,993,678</u>	<u>\$ (6,361,810)</u>	<u>\$ -</u>	<u>\$ 12,631,868</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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(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	\$ 107,680,594
Accumulated depreciation	(55,029,412)
	\$ 52,651,182

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	\$ (1,104,511)
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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.

	\$ 384,865
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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	\$ 32,942,006
Capital leases payable	-
Accrued compensated absences	1,156,108
Settlements payable	100,100
Net OPEB liabilities	10,271,544
Net pension liabilities	26,115,057
Accrued interest payable	160,308
	\$ 70,745,123
Deferred outflows - refunding	\$ 1,148,962
Net pension asset	\$ 2,445,327
Deferred outflows - pension	\$ 8,500,287
Deferred outflows - OPEB	1,287,837
	\$ 9,788,124
Deferred inflows - pension	\$ 2,937,084
Deferred inflows - OPEB	202,574
	\$ 3,139,658

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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B. DIFFERENCES BETWEEN GOVERNMENTAL FUNDS OPERATING STATEMENT AND STATEMENT OF ACTIVITIES

The net change in the fund balances for Governmental Funds of \$2,967,320 differs from the change in net position for Governmental Activities \$2,018,483 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:

	<u>Total Governmental Funds</u>	<u>Long-Term Revenues/ Expenses (1)</u>	<u>Capital- Related Items (2)</u>	<u>Long-Term Liability Transactions (3)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities Totals</u>
Revenues:						
Property taxes	\$ 34,418,227	\$ (203,926)	\$ -	\$ -	\$ -	\$ 34,214,301
Motor vehicle excise in lieu of tax	965,888		-	-	(965,888)	-
Intergovernmental and grant revenue	10,135,744	295,219	-	-	1,109,448	11,540,411
Town clerk licenses and fees	376,056	-	-	-	-	376,056
Other departmental fines and fees	932,151	-	-	-	995,119	1,927,270
Investment and interest income	248,416	-	-	-	-	248,416
Other revenues	1,159,255	(1,202)	-	-	(1,138,679)	19,374
Total revenues	<u>48,235,737</u>	<u>90,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,325,828</u>
Expenditures:						
Current:						
General government	1,337,598	-	85,453	71,596	174,441	1,669,088
Financial administration	905,973	-	-	42,524	175,864	1,124,361
Public safety	6,126,897	-	230,106	498,833	1,039,613	7,895,449
Public works	2,561,084	-	434,806	84,458	305,550	3,385,898
Fixed charges	2,136,416	-	-	(527,084)	(1,609,332)	-
Grants and contributions	7,171	-	-	-	-	7,171
Education	28,837,195	295,219	1,427,257	695,945	-	31,255,616
Other	13,292	-	-	-	(13,292)	-
Capital outlay	4,010,554	-	(3,937,710)	-	(72,844)	-
Debt service:						
Principal	2,789,744	-	-	(2,789,745)	1	-
Interest	1,167,139	6,350	-	(203,726)	(1)	969,762
Total expenditures	<u>49,893,063</u>	<u>301,569</u>	<u>(1,760,088)</u>	<u>(2,127,199)</u>	<u>-</u>	<u>46,307,345</u>
Other financing sources (uses):						
Bonds issued	4,300,000	-	-	(4,300,000)	-	-
Premium on bonds issued	324,646	-	-	(324,646)	-	-
Transfer from (to) other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,624,646</u>	<u>-</u>	<u>-</u>	<u>(4,624,646)</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ 2,967,320</u>	<u>\$ (211,478)</u>	<u>\$ 1,760,088</u>	<u>\$ (2,497,447)</u>	<u>\$ -</u>	<u>\$ 2,018,483</u>

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(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	\$ (118,625)
Change in accrued interest receivable	(85,301)
Change in other deferred revenues	(1,202)
	\$ (205,128)

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	\$ 6,350
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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	\$ 295,219
Change in education expense	\$ 295,219

(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	\$ (4,001,545)
Depreciation expense	2,241,457
	\$ (1,760,088)

(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 and loan principal payments made	\$ (2,725,839)
Lease principal payments made	(63,906)
	\$ (2,789,745)

The issuance of debt provides current financial resources in Governmental Funds. However, issuing debt increases liabilities in the Statement of Net Position and does not result in revenue in the Statement of Activities.

Bonds issued	\$ (4,300,000)
Premium on bonds issued	(324,646)
	\$ (4,624,646)

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.

Amortization of premium on long-term debt	\$ (330,434)
Amortization of deferred amounts on refunding	126,708
	\$ (203,726)

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 increase in compensated absences	\$ 125,880
Net change in net OPEB liabilities and related deferred outflows/inflows	232,442
Net change in net pension liabilities (assets) and related deferred outflows/inflows	507,950
	\$ 866,272

NOTE 13 – 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

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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, except for in fiscal year 2017 the Town paid \$155,000 related to a settled claim that exceeded Trust coverage.

NOTE 14 – 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. COMMITMENTS

The Town has contract commitments related to Town and School Building projects totaling \$5,923,895 as of June 30, 2019.

NOTE 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS

A. TOWN PLAN

Plan Description

Plan Administration - The Town of North Smithfield administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 16. On August 21, 2017, the Town Council authorized the creation of an OPEB Trust Fund. The Finance Director is responsible for administration of the plan in accordance with the Trust Agreement effective August 21, 2017 with Town Council oversight. The plan is reported as a Trust Fund in the Town's financial statements. The plan does not issue a publicly available financial report.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Plan Membership - As of June 30, 2018, the plan membership data is as follows:

Active employees	70
Inactive employees receiving benefits	16
	86
	86

Benefits Provided - The plan provides medical and dental insurance for eligible retirees and their dependents through the Town’s group insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan provides the following benefits based on employee group upon retirement:

- **Police Officers** – Medical and dental coverage (single or family) for police officers who retired on or after June 30, 1990 until the retiree secures employment with equivalent coverage or until Medicare eligible. Effective July 1, 2007, the retiree will receive the same coverage in effect at the date of retirement and will continue to pay any co-share in effect at the date of retirement. Members who retire before July 1, 2007 will not contribute to the cost of coverage.
- **Local 937 Municipal and Public Works Employees** – Medical and dental coverage (single or family) for employees hired prior to July 1, 2005 who retire with 20 years of service. Coverage will continue for a period of 5 years from date of retirement.

Contributions - Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2019, the Town’s contribution was based on the current year cost of retiree benefits plus amounts committed for OPEB in the current fiscal year and prior fiscal years. For the fiscal year ended June 30, 2019, the Town contributed \$527,084 to the plan. Administrative costs are paid from plan assets.

Summary of Significant Accounting Policies

Basis of Accounting – The Other Post-Employment Benefits Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

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Investments

Investment Policy – The Finance Director may invest funds held in the OPEB Trust Fund in accordance with the Trust Agreement and State Law. The Town has selected a balanced investment strategy which seeks to provide capital appreciation and current income.

Rate of Return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Town Plan

The components of the net OPEB liability of the Town at June 30, 2019, were as follows:

Total OPEB Liability	\$6,191,646
OPEB Plan Fiduciary Net Position	<u>(751,591)</u>
Net OPEB Liability	<u>\$5,440,055</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	12.14%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method		
Salary Increases	3% per annum		
Inflation	3% per annum		
Discount Rate	2.79%		
Mortality	RP-2014 mortality table with MP-2016 projection		
Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

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Discount Rate – The discount rate used to measure the OPEB liability was 2.79% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that the plan was unfunded since the Trust Fund assets are low compared to the liabilities. Based on those assumptions, the Town Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The municipal bond rate of 2.79% (S&P Municipal Bond 20-year High Grade Rate Index) was applied to all years in the analysis. The prior valuation used a discount rate of 2.98%.

Town Plan - Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	\$5,441,736	\$509,041	\$4,932,695
Changes for the Year:			
Service cost	209,996	-	209,996
Interest on the total OPEB liability	157,289	-	157,289
Changes in benefits	-	-	-
Difference between expected and actual experience	583,511	-	583,511
Changes in assumptions	126,198	-	126,198
Employer contributions	-	527,084	(527,084)
Plan member contributions	-	-	-
Net investment income	-	42,550	(42,550)
Benefit payments, including employee refunds	(327,084)	(327,084)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	749,910	242,550	507,360
Balances as of June 30, 2019	\$6,191,646	\$751,591	\$5,440,055

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan’s net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (1.79%) and 1-percentage-point higher (3.79%) than the current discount rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Net OPEB Liability	\$6,103,908	\$5,440,055	\$4,776,203

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan’s net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7% decreasing to 4%) and 1-percentage-point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

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	<i>1% Decrease</i> <i>(7% decreasing to 4%)</i>	<i>Current Healthcare</i> <i>Cost Trend Rates</i> <i>(8% decreasing to 5%)</i>	<i>1% Increase</i> <i>(9% decreasing to 6%)</i>
Net OPEB Liability	\$4,880,452	\$5,440,055	\$6,100,575

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$392,052. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows</i> <i>of Resources</i>	<i>Deferred Inflows</i> <i>of Resources</i>
Differences between expected and actual experience	\$530,465	\$185,017
Change of assumptions	114,725	-
Net difference between projected and actual earnings on OPEB plan investments	-	17,557
<i>Total</i>	\$645,190	\$202,574

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$39,935
2021	39,935
2022	39,935
2023	38,485
2024	43,961
Thereafter	240,365

B. SCHOOL PLAN

Plan Description

Plan Administration - The North Smithfield School Department's defined benefit OPEB plan (the plan) provides OPEB for certified teachers and support staff of the School Department. The plan is a single-employer defined benefit OPEB plan administered by the School Department. Benefit

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terms and financing requirements are established and amended by the union contracts through negotiations between the School Department and the respective unions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership - As of June 30, 2018, the following employees were covered by the benefit terms:

Active employees	231
Inactive employees receiving benefits	5
	236

Benefits Provided - The Plan provides medical and dental insurance for eligible retirees through the School Department’s group health and dental insurance plans, which cover both active and inactive members. Benefit provisions are established and amended by the union contracts through negotiations between the School Department and the respective unions. The plan provides the following benefits based on employee group upon retirement:

- *Certified Teachers* – For employees retiring on or after the completion of the 1997-1998 school year with 25 or more years of service in North Smithfield, individual health and dental insurance for a maximum period of 7 years from retirement, but in no event beyond the date the retiree attains age 65. Retirees receive the same health and dental insurance and shall contribute the same cost share as contributed by employees per the union agreement and successive union agreements. Benefits shall terminate if the retiree or spouse secures employment with comparable coverage or if the retiree becomes eligible for Medicare.
- *Support Staff* – For retirees who have completed 15 or more years of service, individual health insurance for a maximum period of 5 years from retirement, but in no event beyond the date the retiree attains age 65. Retirees receive the same health insurance and shall contribute the same cost share as contributed by employees per the union agreement and successive union agreements. Eligible retirees may obtain a family plan from the School Department if the retiree pays the difference between the individual and family plan. The family plan is available until the earlier of the retiree’s or spouse’s attainment of age 65. Benefits shall terminate if the retiree or spouse secures employment with comparable coverage or if the retiree becomes eligible for Medicare.

Total OPEB Liability of the School Plan

The School Department’s total OPEB liability of \$4,831,489 was measured as of June 30, 2019, the measurement date, and was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019.

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Actuarial Assumptions – The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method		
Salary Increases	3% per annum		
Inflation	3% per annum		
Discount Rate	2.79%		
Mortality	RP-2014 mortality table with MP-2016 projection		
Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index. The prior valuation used a discount rate of 2.98%.

School Plan - Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at of June 30, 2018	\$3,942,629
Changes for the Year:	
Service cost	224,452
Interest on the total OPEB liability	116,904
Changes of benefit terms	-
Difference between expected and actual experience	408,211
Changes in assumptions and other inputs	178,652
Benefit payments	(39,359)
Net change	<u>888,860</u>
Balance at of June 30, 2019	<u>\$4,831,489</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School Department, as well as what the School Department's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (1.79%) and 1-percentage-point higher (3.79%) than the current discount rate:

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	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
	<u>(1.79%)</u>	<u>(2.79%)</u>	<u>(3.79%)</u>
Total OPEB Liability	\$5,771,149	\$4,831,489	\$3,891,828

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the School Department, as well as what the School Department's total OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower (7% decreasing to 4%) and 1-percentage-point higher (9% decreasing to 6%) than the current healthcare cost trend rates:

	<i>1% Decrease</i>	<i>Current Healthcare Cost Trend Rates</i>	<i>1% Increase</i>
	<u>(7% decreasing to 4%)</u>	<u>(8% decreasing to 5%)</u>	<u>(9% decreasing to 6%)</u>
Total OPEB Liability	\$4,007,875	\$4,831,489	\$5,827,250

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the School Department recognized OPEB expense of \$406,833. At June 30, 2019, the School Department reported deferred outflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>
Differences between expected and actual experience	\$480,236
Change of assumptions	162,411
<i>Total</i>	\$642,647

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year ended June 30:</i>	
2020	\$65,477
2021	65,477
2022	65,477
2023	65,477
2024	65,477
<i>Thereafter</i>	315,262

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D. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – OPEB Amounts</i>	<i>Deferred Inflows of Resources – OPEB Amounts</i>	<i>Net OPEB Liability</i>	<i>OPEB Expense</i>
Town Plan	\$645,190	\$202,574	\$5,440,055	\$392,052
School Plan	642,647	-	4,831,489	406,833
Total	<u>\$1,287,837</u>	<u>\$202,574</u>	<u>\$10,271,544</u>	<u>\$798,885</u>

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLANS

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

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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 administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

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

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 2019, North Smithfield School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% 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 10.06% and 13.45% of annual covered payroll for the fiscal year ended June 30, 2019 for the State and the North Smithfield School Department, respectively. The North Smithfield School Department contributed \$1,757,474, \$1,685,417, and \$1,515,153 for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,287,620 for fiscal year 2019 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, 2019, the North Smithfield School Department reported a liability of \$22,266,785 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	\$22,266,785
State's proportionate share of the net pension liability associated with the North Smithfield School Department	<u>16,609,422</u>
<i>Total net pension liability</i>	<u><u>\$38,876,207</u></u>

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The net pension liability was measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018. 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, 2018 the North Smithfield School Department's proportion was 0.70081983%.

For the year ended June 30, 2019, the North Smithfield School Department recognized in the Government-Wide financial statements gross pension expense of \$3,622,546 and revenue of \$1,636,841 for support provided by the State. At June 30, 2019, the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred outflows of resources:</i>	
Contributions subsequent to the measurement date	\$1,757,474
Change of assumptions	1,617,425
Differences between expected and actual experience	325,686
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,540,966
Net difference between projected and actual earnings on pension plan investments	265,968
<i>Total</i>	<u>\$5,507,519</u>
 <i>Deferred inflows of resources:</i>	
Change of assumptions	\$262,033
Differences between expected and actual experience	424,697
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,212,390
<i>Total</i>	<u>\$1,899,120</u>

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\$1,757,474 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended June 30:</i>	
2020	\$603,307
2021	331,532
2022	(56,166)
2023	263,937
2024	373,341
<i>Thereafter</i>	334,974

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

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

Mortality – Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
Total	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate - The discount rate used to measure the total pension liability was 7.0 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.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.0 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	Current Discount Rate	1.00 Increase
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$28,015,430	\$22,266,785	\$17,985,062

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

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan 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. Employees may choose among various investment options available to plan participants.

Employees contribute 7% of their annual covered salary and employers contribute between 3% and 3.5% of annual covered salary depending on the employee’s total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. 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.

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 \$375,306 and employees contributed \$834,585 for the fiscal year ended June 30, 2019. For financial reporting purposes, the State’s share of contributions totaling \$54,002 for fiscal year 2019 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>.

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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.

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:

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<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse's Benefit</u>
\$17,000 or less	\$825.00
\$17,001 to \$25,000	\$962.50
\$25,001 to \$33,000	\$1,100.00
\$33,001 to \$40,000	\$1,237.50
\$40,001 and over	\$1,375.00

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

<i>Parent and 1 Child</i>	<i>Parent and 2 or more Children</i>	<i>One Child Alone</i>	<i>Two Children Alone</i>	<i>Three or more Children Alone</i>	<i>Dependent Parent</i>
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 \$11,500; 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 \$19,550, \$19,613, and \$14,976, for the fiscal years ended June 30, 2019, 2018 and 2017, 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, 2019 the North Smithfield School Department reported an asset of \$2,352,105 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, 2018, 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, 2017 rolled forward to June 30, 2018. 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 2018 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2018 the North Smithfield School Department's proportion was 2.63602381%.

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For the year ended June 30, 2019 the North Smithfield School Department recognized pension expense of \$(40,268) – an increase in the net pension asset. At June 30, 2019 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	\$19,550
Change of assumptions	309,911
Difference between expected and actual experience	400,756
Changes in proportion and differences between employer contributions and proportionate share of contributions	148,141
Net difference between projected and actual earnings on pension plan investments	53,379
<i>Total</i>	<u><u>\$931,737</u></u>

Deferred inflows of resources:

Difference between expected and actual experience	\$394,701
Changes in proportion and differences between employer contributions and proportionate share of contributions	93,053
<i>Total</i>	<u><u>\$487,754</u></u>

\$19,550 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department’s contributions in fiscal year 2019 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$184,388
2021	106,215
2022	(8,790)
2023	54,913
2024	70,836
<i>Thereafter</i>	16,871

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

Inflation	2.5%
Salary increases	3.0% to 13.0%
Investment rate of return	7.0%

Mortality – Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

Cost of Living Adjustments – Eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.5% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2017 valuation and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20 years) by asset class, are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
Total	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate - The discount rate used to measure the total pension liability was 7.0 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 proportionate share of the net pension asset calculated using the discount rate of 7.0 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.

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<i>1.00% Decrease</i>	<i>Current Discount</i>	<i>1.00 Increase</i>
<u>(6.0%)</u>	<u>Rate</u>	<u>(8.0%)</u>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$1,632,240	\$2,352,105	\$2,888,054

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 PLANS

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 – General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable. The Town of North Smithfield has only general employees and police officers that participate in the MERS Plan.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

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Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

General Employees - Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior retirement date, described below, and the retirement age applicable to members hired after June 30, 2012 as described below. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior retirement date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per

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year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and Fire Employees - Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior retirement date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012, benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC. The Town of North Smithfield has elected to participate in the 20-year retirement provision.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described above and one calculated based on a 2.25% multiplier for all years of service.

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Other Benefit Provisions - Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

a.) The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

b.) Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.

c.) The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision described in (a) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017. The Town of North Smithfield has elected the optional cost-of-living provision for general employees and police officers.

Employees Covered by Benefit Terms - At the June 30, 2017 valuation date, the following employees were covered by the benefit terms:

	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
Retirees and Beneficiaries Inactive, Nonretired Members	73	21
	76	2

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Active Members	103	26
Total	252	49

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Police officers are required to contribute 10% 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, 2019: general employees plan - \$236,973 and police officers plan - \$380,133. The Town's contributions represented the following percentages of annual covered payroll: general employees plan - 5.57%; and police officers plan -21.12%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2017 and rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2018 Measurement Date (June 30, 2017 valuation rolled forward to June 30, 2018)	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police Officers - 4.00% to 14.00%
Inflation	2.5%
Mortality	Variants of the RP-2014 mortality tables – for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2017 valuation rolled forward to June 30, 2018 and the calculation of the total pension liability at June 30, 2018 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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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 a collective summary of capital market expectations from 34 sources. The June 30, 2018 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	20.80%	6.43%
International Developed Equity	14.40%	6.72%
Emerging Markets Equity	4.80%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.30%	9.08%
Non-Core Real Estate	2.20%	5.03%
Opportunistic Private Credit	1.50%	9.08%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.81%
REITS	1.00%	5.03%
Liquid Credit	2.80%	3.81%
Private Credit	3.20%	3.81%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.61%
Systematic Trend	4.00%	4.00%
Sub-total	8.00%	
Inflation Protection		
Core Real Estate	3.60%	5.03%
Private Infrastructure	2.40%	5.61%
TIPs	1.00%	1.75%
Natural Resources	1.00%	3.81%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.14%
Absolute Return	6.50%	4.00%
Cash	3.00%	0.61%
Sub-total	21.00%	
Total	100.00%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate - The discount rate used to measure the total pension liability of the plans was 7.0 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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

General Employees Plan
Changes in the Net Pension Liability (Asset)

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan</i>	
		<i>Fiduciary Net Position</i>	<i>Net Pension (Asset) Liability</i>
Balances as of June 30, 2017	\$15,136,074	\$14,836,346	\$299,728
Changes for the Year:			
Service cost	361,872	-	361,872
Interest on the total pension liability	1,040,601	-	1,040,601
Changes in benefits	-	-	-
Difference between expected and actual experience	(327,828)	-	(327,828)
Changes in assumptions	-	-	-
Employer contributions	-	186,431	(186,431)
Employee contributions	-	104,875	(104,875)
Net investment income	-	1,152,455	(1,152,455)
Benefit payments, including employee refunds	(902,565)	(902,565)	-
Administrative expense	-	(15,342)	15,342
Other changes	-	39,176	(39,176)
Net changes	172,080	565,030	(392,950)
Balances as of June 30, 2018	\$15,308,154	\$15,401,376	\$(93,222)

Police Officers Plan
Changes in the Net Pension Liability

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan</i>	
		<i>Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances as of June 30, 2017	\$13,480,297	\$9,534,030	\$3,946,267
Changes for the Year:			
Service cost	329,221	-	329,221
Interest on the total pension liability	926,217	-	926,217
Changes in benefits	-	-	-
Difference between expected and actual experience	(125,562)	-	(125,562)
Changes in assumptions	-	-	-
Employer contributions	-	331,340	(331,340)
Employee contributions	-	162,981	(162,981)
Net investment income	-	743,448	(743,448)
Benefit payments, including employee refunds	(826,486)	(826,486)	-
Administrative expense	-	(9,897)	9,897
Other changes	-	(1)	1
Net changes	303,390	401,385	(97,995)
Balances as of June 30, 2018	\$13,783,687	\$9,935,415	\$3,848,272

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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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 7.0 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.

<u>Plan</u>	<u>1.00% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1.00 Increase (8.0%)</u>
General Employees	\$1,692,248	\$(93,222)	\$(1,422,946)
Police Officers	\$5,457,587	\$3,848,272	\$2,649,722

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, 2019, the Town recognized pension expense as follows: general employees plan - \$455,674; and police officers plan - \$500,969. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>General Employees Plan</u>	<u>Police Officers Plan</u>
Deferred Outflows of Resources:		
Assumption changes	\$356,539	\$530,602
Net difference between projected and actual investment earnings	109,515	66,434
Difference between expected and actual experience	375,975	4,860
Contributions subsequent to the measurement date	236,973	380,133
Total	<u>\$1,079,002</u>	<u>\$982,029</u>
Deferred Inflows of Resources:		
Assumption changes	\$ -	\$27,621
Difference between expected and actual experience	289,126	233,463
Total	<u>\$289,126</u>	<u>\$261,084</u>

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The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2019 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending June 30</i>	<i>Net Deferred Outflows/(Inflows) of Resources</i>	
	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
2020	\$456,039	\$171,810
2021	352,990	82,060
2022	(213,979)	(50,853)
2023	(42,147)	22,053
2024	-	44,948
<i>Thereafter</i>	-	70,794

Defined Contribution Plan

Plan Description

Certain 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. Employees may choose among various investment options available to plan participants.

Certain general employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on years of service. 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.

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 \$42,052 and employees contributed \$197,348 for the fiscal year ended June 30, 2019.

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
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JUNE 30, 2019

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – Pension Amounts</i>	<i>Deferred Inflows of Resources – Pension Amounts</i>	<i>Net Pension Asset</i>	<i>Net Pension Liability</i>	<i>Pension Expense</i>
Employees’ Retirement System Plan	\$5,507,519	\$1,899,120	\$ -	\$22,266,785	\$3,622,546
Teachers’ Survivor Benefits Plan	931,737	487,754	2,352,105	-	(40,268)
General Employees Plan	1,079,002	289,126	93,222	-	455,674
Police Officers Plan	982,029	261,084	-	3,848,272	500,969
Total	\$8,500,287	\$2,937,084	\$2,445,327	\$26,115,057	\$4,538,921

NOTE 17 – OPERATING LEASES

The Town leases certain equipment under noncancellable operating leases expiring in September 2023. At June 30, 2019, future minimum lease payments are as follows:

<i>Year Ending June 30,</i>	
2020	\$44,471
2021	29,669
2022	22,976
2023	11,778
2024	2,945
	<u>\$111,839</u>

Rental expenditures for operating leases for the year ended June 30, 2019 totaled \$41,526.

NOTE 18 – TAX ABATEMENTS

Renewable Energy Systems - The Town established in 2014 by ordinance a tax stabilization program for qualifying property that is used for renewable energy systems pursuant to Section 44-3-21 of Rhode Island General Laws. The purpose of the program is to encourage the development of cost-effective, domestically-produced renewable energy.

The Town Council has the authority to exempt from payment of personal property taxes, in whole or in part, or to stabilize the amount of personal property taxes on property that will be used exclusively for the production of renewable energy for sale beyond the property. The Town shall enter into a contractual agreement approved by the Town Council.

The Town had two taxpayers participating in the tax stabilization program in fiscal year 2019.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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<u>Effective Date</u>	<u>Term</u>	<u>Tangible Property Abatement Granted Fiscal Year 2019</u>
12/1/2014	20 years	\$56,199
12/31/2016	20 years	\$86,706

As the result of a change in the Rhode Island General Laws, which changes how cities and towns tax “renewable energy resources and associated equipment” the Town amended in October 2017 the ordinance establishing the tax stabilization program described above. The two taxpayers that have an agreement with the Town under the prior ordinance would not be effected by the change and will continue to pay taxes under the existing stabilization agreements.

Commercial Expansion and New Development – The Town established in 2017 by ordinance a tax stabilization program to encourage and facilitate the expansion of the Town’s real property tax base through the expansion, re-development and rehabilitation of existing commercial property. The program does not apply to retail, residential or mixed use property. The Town Council may authorize, for a period not to exceed 10 years, to exempt from payment in whole or in part real and/or personal property used for manufacturing or commercial purposes or to determine a stabilized amount of taxes to be paid on such property, notwithstanding the valuation or the rate of tax. Applications shall be filed with the Town Administrator. The Town Council shall conduct a public hearing and after the public hearing make a determination to grant or deny the tax exemption or stabilization. The granting of the exemption or stabilization will inure to the benefit of the Town by reason of:

- a) The willingness of the manufacturing or commercial firm or concern to locate in Town;
- b) The willingness of the manufacturing or commercial firm or concern to expand facilities with an increase in employment; or
- c) The willingness of the manufacturing or commercial firm or concern to replace, reconstruct, expand or remodel existing buildings, facilities, fixtures, machinery or equipment with modern buildings, facilities, fixtures, machinery or equipment resulting in an increase in plant or commercial building investment by the firm or concern in the Town.

The Town has one taxpayer participating in the tax stabilization program. A five-year tax stabilization agreement for tangible property was granted on March 19, 2018 and is not effective until the fiscal year 2020 tax bill.

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 Changes in the Net OPEB Liability and Related Ratios – OPEB Plan

Schedule of Town Contributions – OPEB Plan

Schedule of Investment Returns – OPEB 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
Town Other Post Employment Benefit (OPEB) Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 209,996	\$ 213,275
Interest	157,289	162,163
Changes of benefit terms	-	-
Differences between expected and actual experience	583,511	(226,133)
Changes of assumptions	126,198	-
Benefits payments	(327,084)	(298,581)
Net change in total OPEB liability	<u>749,910</u>	<u>(149,276)</u>
Total OPEB liability - beginning	<u>5,441,736</u>	<u>5,591,012</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,191,646</u></u>	<u><u>\$ 5,441,736</u></u>
Plan fiduciary net position:		
Contributions - employer	\$ 527,084	\$ 804,219
Net investment income	42,550	3,403
Benefits payments	(327,084)	(298,581)
Administrative expense	-	-
Other	-	-
Net change in plan fiduciary net position	<u>242,550</u>	<u>509,041</u>
Plan fiduciary net position - beginning	<u>509,041</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 751,591</u></u>	<u><u>\$ 509,041</u></u>
Town's net OPEB liability - ending (a) - (b)	<u><u>\$ 5,440,055</u></u>	<u><u>\$ 4,932,695</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	12.14%	9.35%
Covered employee payroll	\$ 4,280,154	\$ 4,162,840
Net OPEB liability (asset) as a percentage of covered employee payroll	127.10%	118.49%

(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
School Other Post Employment Benefit (OPEB) Plan
Schedule of Changes in the Total OPEB Liability and Related Ratios (1) (2)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 224,452	\$ 229,225
Interest	116,904	104,115
Changes of benefit terms	-	-
Differences between expected and actual experience	408,211	133,387
Changes of assumptions	178,652	-
Benefits payments	<u>(39,359)</u>	<u>(35,769)</u>
Net change in total OPEB liability	888,860	430,958
Total OPEB liability - beginning	<u>3,942,629</u>	<u>3,511,671</u>
Total OPEB liability - ending	<u><u>\$ 4,831,489</u></u>	<u><u>\$ 3,942,629</u></u>
Covered employee payroll	\$ 15,808,069	\$ 15,595,383
Total OPEB liability as a percentage of covered employee payroll	30.56%	25.28%

- (1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information - Other Post Employment Benefit (OPEB) Plans
Schedule of Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>		
Actuarially determined contribution	\$ 540,938	\$ 588,384
Contributions in relation to the actuarially determined contribution	527,084	804,219
<i>Contribution deficiency (excess)</i>	<u>\$ 13,854</u>	<u>\$ (215,835)</u>
Covered employee payroll	\$ 4,280,154	\$ 4,162,840
Contributions as a percentage of covered employee payroll	12.31%	19.32%
<u>School OPEB Plan</u>		
Actuarially determined contribution	\$ 488,969	\$ 464,828
Contributions in relation to the actuarially determined contribution	39,359	35,769
<i>Contribution deficiency (excess)</i>	<u>\$ 449,610</u>	<u>\$ 429,059</u>
Covered employee payroll	\$ 15,808,069	\$ 15,595,383
Contributions as a percentage of covered employee payroll	0.25%	0.23%

(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 - Town Other Post Employment Benefit (OPEB) Plan
Schedule of Investment Returns (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>		
Annual money-weighted rate of return, net of investment expense	6.47%	1.43%

(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
Employees' Retirement System Pension Plan
Schedule of the Town's Proportionate Share of the Net Pension Liability (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.70081983%	0.64346444%	0.69273594%	0.68486334%	0.70243536%
Town's proportionate share of the net pension liability	\$ 22,266,785	\$ 20,295,425	\$ 20,668,314	\$ 18,854,306	\$ 17,097,279
State's proportionate share of the net pension liability associated with the Town	<u>16,609,422</u>	<u>15,338,465</u>	<u>14,154,760</u>	<u>12,880,670</u>	<u>11,724,392</u>
Total	<u>\$ 38,876,207</u>	<u>\$ 35,633,890</u>	<u>\$ 34,823,074</u>	<u>\$ 31,734,976</u>	<u>\$ 28,821,671</u>
Town's covered-employee payroll	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	176.03%	168.21%	172.94%	161.51%	144.38%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	54.00%	54.06%	57.55%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	2.63602381%	2.53880669%	2.67548651%	2.71030550%	2.69832872%
Town's proportionate share of the net pension asset	\$ 2,352,105	\$ 2,100,264	\$ 2,664,032	\$ 2,530,222	\$ 3,354,582
Town's covered-employee payroll	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	18.78%	17.41%	22.29%	21.67%	28.33%
Plan fiduciary net position as a percentage of the total pension liability	137.40%	136.10%	153.30%	146.60%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 361,872	\$ 338,709	\$ 320,223	\$ 313,382	\$ 323,197
Interest	1,040,601	976,100	965,788	940,220	906,468
Changes of benefit terms	-	-	-	248,558	-
Differences between expected and actual experience	(327,828)	749,911	(211,249)	(287,684)	-
Changes of assumptions	-	711,147	-	-	29,011
Benefits payments, including refunds of member contributions	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Net change in total pension liability	<u>172,080</u>	<u>1,805,644</u>	<u>151,970</u>	<u>383,306</u>	<u>482,354</u>
Total pension liability - beginning	<u>15,136,074</u>	<u>13,330,430</u>	<u>13,178,460</u>	<u>12,795,154</u>	<u>12,312,800</u>
Total pension liability - ending (a)	<u>\$ 15,308,154</u>	<u>\$ 15,136,074</u>	<u>\$ 13,330,430</u>	<u>\$ 13,178,460</u>	<u>\$ 12,795,154</u>
Plan fiduciary net position:					
Contributions - employer	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160	\$ 193,061
Contributions - employee	104,875	99,685	93,355	65,426	77,177
Net investment income	1,152,455	1,575,569	(4,755)	325,291	1,880,372
Benefits payments, including refunds of member contributions	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Administrative expense	(15,342)	(14,885)	(12,792)	(13,127)	(11,775)
Other	39,176	214,436	437,862	13,836	(104,407)
Net change in plan fiduciary net position	<u>565,030</u>	<u>1,136,646</u>	<u>(180,804)</u>	<u>(237,584)</u>	<u>1,258,106</u>
Plan fiduciary net position - beginning	<u>14,836,346</u>	<u>13,699,700</u>	<u>13,880,504</u>	<u>14,118,088</u>	<u>12,859,982</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,401,376</u>	<u>\$ 14,836,346</u>	<u>\$ 13,699,700</u>	<u>\$ 13,880,504</u>	<u>\$ 14,118,088</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (93,222)</u>	<u>\$ 299,728</u>	<u>\$ (369,270)</u>	<u>\$ (702,044)</u>	<u>\$ (1,322,934)</u>
Plan fiduciary net position as a percentage of the total pension liability	100.61%	98.02%	102.77%	105.33%	110.34%
Covered employee payroll	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216	\$ 3,248,212
Net pension liability as a percentage of covered employee payroll	-2.29%	8.02%	-10.46%	-21.46%	-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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 329,221	\$ 304,609	\$ 293,881	\$ 257,868	\$ 234,523
Interest	926,217	909,400	878,066	808,451	783,066
Changes of benefit terms	-	-	-	451,265	-
Differences between expected and actual experience	(125,562)	(71,474)	(111,065)	9,656	-
Changes of assumptions	-	697,862	-	-	(61,666)
Benefits payments, including refunds of member contributions	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Net change in total pension liability	<u>303,390</u>	<u>1,174,145</u>	<u>430,201</u>	<u>923,834</u>	<u>301,076</u>
Total pension liability - beginning	<u>13,480,297</u>	<u>12,306,152</u>	<u>11,875,951</u>	<u>10,952,117</u>	<u>10,651,041</u>
Total pension liability - ending (a)	<u>\$ 13,783,687</u>	<u>\$ 13,480,297</u>	<u>\$ 12,306,152</u>	<u>\$ 11,875,951</u>	<u>\$ 10,952,117</u>
Plan fiduciary net position:					
Contributions - employer	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414	\$ 182,437
Contributions - employee	162,981	164,628	163,316	126,484	104,549
Net investment income	743,448	1,012,481	(3,040)	208,093	1,177,979
Benefits payments, including refunds of member contributions	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Administrative expense	(9,897)	(9,566)	(8,177)	(8,485)	(7,376)
Other	(1)	(68,281)	(1)	1	(1)
Net change in plan fiduciary net position	<u>401,385</u>	<u>776,399</u>	<u>(121,893)</u>	<u>35,101</u>	<u>802,741</u>
Plan fiduciary net position - beginning	<u>9,534,030</u>	<u>8,757,631</u>	<u>8,879,524</u>	<u>8,844,423</u>	<u>8,041,682</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,935,415</u>	<u>\$ 9,534,030</u>	<u>\$ 8,757,631</u>	<u>\$ 8,879,524</u>	<u>\$ 8,844,423</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,848,272</u>	<u>\$ 3,946,267</u>	<u>\$ 3,548,521</u>	<u>\$ 2,996,427</u>	<u>\$ 2,107,694</u>
Plan fiduciary net position as a percentage of the total pension liability	72.08%	70.73%	71.16%	74.77%	80.76%
Covered employee payroll	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045	\$ 1,441,443
Net pension liability as a percentage of covered employee payroll	236.12%	238.12%	216.98%	189.52%	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 Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employees' Retirement System Plan</u>					
Actuarially determined contribution	\$ 1,757,474	\$ 1,685,417	\$ 1,515,153	\$ 1,575,318	\$ 1,506,269
Contributions in relation to the actuarially determined contribution	1,757,474	1,685,417	1,515,153	1,575,318	1,506,269
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 12,952,332	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered employee payroll	13.57%	13.32%	12.56%	13.18%	12.90%
<u>Teachers' Survivor Benefit Plan</u>					
Statutorily determined contribution	\$ 19,550	\$ 19,613	\$ 14,976	\$ 17,184	\$ 16,354
Contributions in relation to the statutorily determined contribution	19,550	19,613	14,976	17,184	16,354
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 12,763,683	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered employee payroll	0.15%	0.16%	0.12%	0.14%	0.14%
<u>General Employees Plan</u>					
Actuarially determined contribution	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160
Contributions in relation to the actuarially determined contribution	236,973	186,431	232,064	228,318	202,160
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,254,460	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216
Contributions as a percentage of covered employee payroll	5.57%	4.58%	6.21%	6.47%	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 Contributions (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Police Officers Plan</u>					
Actuarially determined contribution	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414
Contributions in relation to the actuarially determined contribution	380,133	331,340	343,389	356,690	312,414
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered employee payroll	\$ 1,799,871	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045
Contributions as a percentage of covered employee payroll	21.12%	20.33%	20.72%	21.81%	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, 2019

	<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	\$ 33,920,403	\$ 33,920,403	\$ 34,418,227	\$ 497,824
Motor vehicle excise in lieu of tax	970,239	970,239	965,888	(4,351)
Intergovernmental and grant revenue	1,587,802	1,587,802	1,549,401	(38,401)
Town clerk licenses and fees	360,350	360,350	376,056	15,706
Other departmental fines and fees	243,510	243,510	280,833	37,323
Investment and interest income	35,000	35,000	143,365	108,365
Other revenues	422,814	422,814	453,001	30,187
Total revenues	<u>37,540,118</u>	<u>37,540,118</u>	<u>38,186,771</u>	<u>646,653</u>
Expenditures				
General Government:				
Town council	14,250	14,250	13,443	807
Probate court	8,000	8,000	7,100	900
Town solicitor	167,906	167,906	167,906	-
Municipal court	37,561	37,561	34,606	2,955
Administrator's office	113,051	113,051	112,328	723
Town clerk's office	147,173	147,173	147,098	75
Planning division	141,898	141,898	138,947	2,951
Board of canvassers	12,050	12,050	12,409	(359)
Zoning board	8,155	8,155	6,054	2,101
Personnel board	1	1	-	1
Conservation commission	2,045	2,045	2,038	7
Historic district commission	250	250	-	250
Housing authority	1	1	-	1
Economic development	500	500	-	500
Public safety commission	1	1	-	1
Budget committee	1	1	-	1
Juvenile hearing board	3,470	3,470	3,289	181
Town hall	14,032	14,032	13,938	94
Plant operations	174,083	174,083	171,384	2,699
Printing and advertising	16,000	16,000	15,144	856
Contingency	270,000	270,000	270,000	-
Scouter's Hall	3,200	3,200	2,656	544
N.S. Library	444,372	444,372	444,372	-
	<u>1,578,000</u>	<u>1,578,000</u>	<u>1,562,712</u>	<u>15,288</u>
Financial Administration:				
Finance department	229,394	229,394	228,473	921
Tax assessor's office	119,315	119,315	116,822	2,493
Tax collector's office	102,312	102,312	101,002	1,310
Board of tax review	1	1	-	1
Audits and computer services	161,776	161,776	159,802	1,974
Insurance	264,266	264,266	263,528	738
	<u>877,064</u>	<u>877,064</u>	<u>869,627</u>	<u>7,437</u>
Public Safety:				
Police department	2,551,303	2,551,303	2,683,886	(132,583)
Animal control	93,389	93,389	86,484	6,905
EMA	25,061	25,061	14,547	10,514
N.S. Fire and Rescue Department	2,980,493	2,980,493	2,991,391	(10,898)
Hydrant rental	51,575	51,575	57,535	(5,960)
Inspection division	144,801	144,801	134,507	10,294
	<u>5,846,622</u>	<u>5,846,622</u>	<u>5,968,350</u>	<u>(121,728)</u>

(Continued)

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 (Continued)
General Fund
For the Fiscal Year Ended June 30, 2019

	<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	96,238	96,238	96,239	(1)
Highway division	1,377,430	1,377,430	1,383,724	(6,294)
Parks and recreation division	172,940	172,940	169,755	3,185
Tree warden	11,730	11,730	12,230	(500)
Street lights	120,000	120,000	123,318	(3,318)
Rubbish disposal	763,427	763,427	784,811	(21,384)
	<u>2,541,765</u>	<u>2,541,765</u>	<u>2,570,077</u>	<u>(28,312)</u>
Fixed Charges	<u>2,385,602</u>	<u>2,385,602</u>	<u>2,382,343</u>	<u>3,259</u>
Debt Service:				
Principal	2,789,799	2,789,799	2,789,744	55
Interest	1,183,637	1,183,637	1,098,679	84,958
	<u>3,973,436</u>	<u>3,973,436</u>	<u>3,888,423</u>	<u>85,013</u>
Grants and contributions	<u>21,271</u>	<u>21,271</u>	<u>15,671</u>	<u>5,600</u>
Capital Outlay:				
Town	469,832	469,832	469,832	-
School	165,000	165,000	131,245	33,755
	<u>634,832</u>	<u>634,832</u>	<u>601,077</u>	<u>33,755</u>
Total expenditures	<u>17,858,592</u>	<u>17,858,592</u>	<u>17,858,280</u>	<u>312</u>
Excess of revenues over expenditures before other financing uses	<u>19,681,526</u>	<u>19,681,526</u>	<u>20,328,491</u>	<u>646,965</u>
Other financing uses				
Transfers to other funds:				
School unrestricted fund	(19,681,526)	(19,681,526)	(19,681,526)	-
RIDE revolving capital fund	-	-	(33,755)	(33,755)
Total other financing uses	<u>(19,681,526)</u>	<u>(19,681,526)</u>	<u>(19,715,281)</u>	<u>(33,755)</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,210</u>	<u>\$ 613,210</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local appropriations	\$ 19,681,526	\$19,681,526	\$ 19,681,526	\$ -
State of Rhode Island - education aid	6,202,683	6,202,683	6,202,683	-
Medicaid	185,000	185,000	274,289	89,289
Rental Income - fields and buildings	50,000	50,000	59,426	9,426
Appropriated fund balance	-	-	122,152	122,152
Other	-	-	6,231	6,231
Total revenues	<u>26,119,209</u>	<u>26,119,209</u>	<u>26,346,307</u>	<u>227,098</u>
Expenditures				
Salaries	15,373,684	15,373,684	15,308,155	65,529
Employee benefits	5,264,360	5,264,360	5,078,801	185,559
Purchased services	4,257,810	4,243,043	4,444,048	(201,005)
Supplies and materials	993,209	1,037,854	1,159,813	(121,959)
Property and equipment	180,467	151,288	104,605	46,683
Other costs	49,679	48,980	43,606	5,374
Total expenditures	<u>26,119,209</u>	<u>26,119,209</u>	<u>26,139,028</u>	<u>(19,819)</u>
Excess of revenues over expenditures before other financing uses	<u>-</u>	<u>-</u>	<u>207,279</u>	<u>207,279</u>
Other financing uses				
Transfers to other funds:				
RIDE Revolving Capital Fund	-	-	(155,630)	(155,630)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(155,630)</u>	<u>(155,630)</u>
Net change in fund balance- budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,649</u>	<u>\$ 51,649</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, 2019
“Unaudited”

NOTE 1 – OPEB PLANS

The actuarial methods and assumptions used to calculate the total OPEB liabilities are described in Note 15 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of 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:

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
- Amortization period – 20 years
- Asset valuation method – market value
- Inflation – 3%
- Investment rate of return – 2.79% (2.98% prior valuation)
- Salary increases – 3%
- Mortality – RP-2014 mortality table with MP-2016 projection
- Health care cost trend rate – 8% decreasing to an ultimate rate of 5%

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019
“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.

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 - 19 years for all plans, except the general employees plan which is 23 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.75%
- Investment return - 7.50%
- Salary increases –3.50% to 13.50% for teachers; 3.50% to 7.50% for general employees; 4% to 14% 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

The employee and employer contribution rates for the Teachers’ Survivors Benefit Plan were applied to the first \$11,500 of member salary for fiscal year 2018. In fiscal year 2017 and prior years, the rate was applied to salary up to \$9,600.

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 Teachers’ Survivors Benefit Plan contribute at a rate established by RI General Laws, 16-16-35. 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, 2019
“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)	\$38,186,771	\$26,346,307
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.	-	1,341,622
Appropriated fund balance reported as revenue for budgetary purposes, but is not included for financial reporting purposes.	-	(122,152)
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(100,872)	-
Unbudgeted revenues are not included for budgetary purposes, but are included for financial reporting purposes.	249,247	44,214
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$38,335,146</u></u>	<u><u>\$27,609,991</u></u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2019
“Unaudited”

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$37,573,561	\$26,294,658
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.	(714,513)	-
Unbudgeted expenditures are not included for budgetary purposes, but are included for financial reporting purposes.	600,261	48,645
Restoration of fund balance is a budgetary expenditure, but is not an expenditure for financial reporting purposes.	(250,000)	-
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(100,872)	-
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.	-	1,341,622
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$37,108,437</u>	<u>\$27,684,925</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<i>Special Revenue Funds</i>					<i>CDBG Fund</i>
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Substance Abuse Prevention Council Fund</i>	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 55,739	\$ 15,735
Due from federal and state governments	273,584	-	-	-	-	-
Other receivables	-	-	-	-	-	15,022
Due from other funds	108,585	7,472	-	91	-	-
Total assets	\$ 382,169	\$ 7,472	\$ -	\$ 91	\$ 55,739	\$ 30,757
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 25,796	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	266,400	-	-	-	-	-
Total liabilities	292,196	-	-	-	-	-
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances (deficits)						
Restricted for:						
Education programs	89,973	-	-	-	-	-
Public safety programs	-	7,472	-	91	-	-
Historical records preservation	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	-	55,739	15,735
Committed for:						
Public safety programs	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	89,973	7,472	-	91	55,739	15,735
Total liabilities, deferred inflows of resources, and fund balances	\$ 382,169	\$ 7,472	\$ -	\$ 91	\$ 55,739	\$ 30,757

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	<i>Special Revenue Funds</i>				
	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 508,257	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-
Other receivables	-	-	-	599	-
Due from other funds	3,556	3,547	-	71,322	39,466
Total assets	\$ 3,556	\$ 3,547	\$ 508,257	\$ 71,921	\$ 39,466
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities</i>					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 7,655	\$ 997	\$ 2,006
Due to other funds	-	-	25,733	-	-
Total liabilities	-	-	33,388	997	2,006
<i>Deferred Inflows of Resources:</i>					
Other deferred revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<i>Fund balances (deficits)</i>					
Restricted for:					
Education programs	-	-	-	-	-
Public safety programs	3,556	-	474,869	-	-
Historical records preservation	-	-	-	70,924	-
Capital projects	-	-	-	-	-
Other programs	-	3,547	-	-	-
Committed for:					
Public safety programs	-	-	-	-	37,460
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	3,556	3,547	474,869	70,924	37,460
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,556	\$ 3,547	\$ 508,257	\$ 71,921	\$ 39,466

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,731
Due from federal and state governments	-	-	-	-	-	273,584
Other receivables	631	-	-	-	-	16,252
Due from other funds	9,041	2,242	9,452	24,736	5,816	285,326
Total assets	\$ 9,672	\$ 2,242	\$ 9,452	\$ 24,736	\$ 5,816	\$ 1,154,893
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ 928	\$ -	\$ -	\$ -	\$ 37,382
Due to other funds	-	-	-	-	-	292,133
Total liabilities	-	928	-	-	-	329,515
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances (deficits)						
Restricted for:						
Education programs	-	-	-	-	-	89,973
Public safety programs	-	-	-	24,736	-	510,724
Historical records preservation	-	-	-	-	-	70,924
Capital projects	-	-	-	-	-	-
Other programs	9,672	1,314	9,452	-	5,816	101,275
Committed for:						
Public safety programs	-	-	-	-	-	37,460
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	9,672	1,314	9,452	24,736	5,816	810,356
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,672	\$ 2,242	\$ 9,452	\$ 24,736	\$ 5,816	\$ 1,154,893

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
 June 30, 2019

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 579,731
Due from federal and state governments	-	17,500	-	-	17,500	291,084
Other receivables	-	-	-	-	-	16,252
Due from other funds	88,639	-	20,580	317,657	426,876	712,202
Total assets	\$ 88,639	\$ 17,500	\$ 20,580	\$ 317,657	\$ 444,376	\$ 1,599,269
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 26,652	\$ 26,652	\$ 64,034
Due to other funds	-	26,559	-	-	26,559	318,692
Total liabilities	-	26,559	-	26,652	53,211	382,726
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances (deficits)						
Restricted for:						
Education programs	-	-	-	-	-	89,973
Public safety programs	-	-	-	-	-	510,724
Historical records preservation	-	-	-	-	-	70,924
Capital projects	88,639	-	20,580	-	109,219	109,219
Other programs	-	-	-	-	-	101,275
Committed for:						
Public safety programs	-	-	-	-	-	37,460
Capital projects	-	-	-	291,005	291,005	291,005
Unassigned	-	(9,059)	-	-	(9,059)	(9,059)
Total fund balances (deficits)	88,639	(9,059)	20,580	291,005	391,165	1,201,521
Total liabilities, deferred inflows of resources, and fund balances	\$ 88,639	\$ 17,500	\$ 20,580	\$ 317,657	\$ 444,376	\$ 1,599,269

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, 2019

	<i>Special Revenue Funds</i>					<i>CDBG Fund</i>
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Substance Abuse Prevention Council Fund</i>	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	
Revenues						
Intergovernmental and grant revenue	\$ 990,478	\$ 12,082	\$ -	\$ -	\$ -	\$ -
Other departmental fees	-	-	-	-	-	-
Investment and interest income	-	-	-	-	923	242
Other revenue	336,005	-	-	1,465	-	1,148
Total revenues	<u>1,326,483</u>	<u>12,082</u>	<u>-</u>	<u>1,465</u>	<u>923</u>	<u>1,390</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	6,139	145	1,406	-	-
Public works	-	-	-	-	-	-
Education	1,307,900	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>1,307,900</u>	<u>6,139</u>	<u>145</u>	<u>1,406</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>18,583</u>	<u>5,943</u>	<u>(145)</u>	<u>59</u>	<u>923</u>	<u>1,390</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	18,583	5,943	(145)	59	923	1,390
Fund balances (deficits) - beginning of year	<u>71,390</u>	<u>1,529</u>	<u>145</u>	<u>32</u>	<u>54,816</u>	<u>14,345</u>
Fund balances (deficits) - end of year	<u>\$ 89,973</u>	<u>\$ 7,472</u>	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ 55,739</u>	<u>\$ 15,735</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, 2019

	<i>Special Revenue Funds</i>				
	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>
Revenues					
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other departmental fees	-	3,000	-	30,705	20,200
Investment and interest income	-	-	7,459	-	-
Other revenue	-	-	320,183	-	-
Total revenues	<u>-</u>	<u>3,000</u>	<u>327,642</u>	<u>30,705</u>	<u>20,200</u>
Expenditures					
Current:					
General government	-	-	-	35,364	-
Public safety	-	-	77,440	-	3,401
Public works	-	-	-	-	-
Education	-	-	-	-	-
Other	-	3,684	-	-	-
Capital outlay	-	-	519,347	-	13,810
Total expenditures	<u>-</u>	<u>3,684</u>	<u>596,787</u>	<u>35,364</u>	<u>17,211</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>(684)</u>	<u>(269,145)</u>	<u>(4,659)</u>	<u>2,989</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(684)	(269,145)	(4,659)	2,989
Fund balances (deficits) - beginning of year	<u>3,556</u>	<u>4,231</u>	<u>744,014</u>	<u>75,583</u>	<u>34,471</u>
Fund balances (deficits) - end of year	<u>\$ 3,556</u>	<u>\$ 3,547</u>	<u>\$ 474,869</u>	<u>\$ 70,924</u>	<u>\$ 37,460</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, 2019

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ 5,850	\$ -	\$ 1,008,410
Other departmental fees	4,865	-	-	-	-	58,770
Investment and interest income	-	-	-	-	-	8,624
Other revenue	-	5,050	14,482	-	4,125	682,458
Total revenues	<u>4,865</u>	<u>5,050</u>	<u>14,482</u>	<u>5,850</u>	<u>4,125</u>	<u>1,758,262</u>
Expenditures						
Current:						
General government	-	-	-	-	-	35,364
Public safety	-	-	-	4,765	-	93,296
Public works	7,195	4,881	-	-	-	12,076
Education	-	-	-	-	-	1,307,900
Other	-	-	9,608	-	-	13,292
Capital outlay	-	-	-	-	-	533,157
Total expenditures	<u>7,195</u>	<u>4,881</u>	<u>9,608</u>	<u>4,765</u>	<u>-</u>	<u>1,995,085</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(2,330)</u>	<u>169</u>	<u>4,874</u>	<u>1,085</u>	<u>4,125</u>	<u>(236,823)</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,330)</u>	<u>169</u>	<u>4,874</u>	<u>1,085</u>	<u>4,125</u>	<u>(236,823)</u>
Fund balances (deficits) - beginning of year	<u>12,002</u>	<u>1,145</u>	<u>4,578</u>	<u>23,651</u>	<u>1,691</u>	<u>1,047,179</u>
Fund balances (deficits) - end of year	<u>\$ 9,672</u>	<u>\$ 1,314</u>	<u>\$ 9,452</u>	<u>\$ 24,736</u>	<u>\$ 5,816</u>	<u>\$ 810,356</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, 2019

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,008,410
Other departmental fees	-	-	-	-	-	58,770
Investment and interest income	-	-	-	-	-	8,624
Other revenue	-	117,437	-	-	117,437	799,895
Total revenues	-	117,437	-	-	117,437	1,875,699
Expenditures						
Current:						
General government	-	-	-	-	-	35,364
Public safety	-	-	-	-	-	93,296
Public works	-	-	-	-	-	12,076
Education	-	-	-	-	-	1,307,900
Other	-	-	-	-	-	13,292
Capital outlay	-	-	-	155,630	155,630	688,787
Total expenditures	-	-	-	155,630	155,630	2,150,715
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	117,437	-	(155,630)	(38,193)	(275,016)
Other financing sources						
Transfers from other funds	-	-	-	189,385	189,385	189,385
Total other financing sources	-	-	-	189,385	189,385	189,385
Net change in fund balances	-	117,437	-	33,755	151,192	(85,631)
Fund balances (deficits) - beginning of year	88,639	(126,496)	20,580	257,250	239,973	1,287,152
Fund balances (deficits) - end of year	\$ 88,639	\$ (9,059)	\$ 20,580	\$ 291,005	\$ 391,165	\$ 1,201,521

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	<u><i>Subdivision Bond</i></u>	<u><i>Planning Escrow</i></u>	<u><i>Student Activities - Senior High School</i></u>	<u><i>Student Activities - Middle School</i></u>	<u><i>Student Activities - Halliwell Elementary</i></u>	<u><i>Student Activities - North Smithfield Elementary</i></u>	<u><i>Athletic Fund</i></u>	<u><i>Total Agency Funds</i></u>
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ 165,310	\$ 22,446	\$ 12,886	\$ 12,501	\$ 2,679	\$ 215,822
Due from other funds	32,133	38,101	-	-	-	-	-	70,234
Total assets	<u>\$ 32,133</u>	<u>\$ 38,101</u>	<u>\$ 165,310</u>	<u>\$ 22,446</u>	<u>\$ 12,886</u>	<u>\$ 12,501</u>	<u>\$ 2,679</u>	<u>\$ 286,056</u>
Liabilities								
Deposits held in custody for others	\$ 32,133	\$ 38,101	\$ 165,310	\$ 22,446	\$ 12,886	\$ 12,501	\$ 2,679	\$ 286,056
Total liabilities	<u>\$ 32,133</u>	<u>\$ 38,101</u>	<u>\$ 165,310</u>	<u>\$ 22,446</u>	<u>\$ 12,886</u>	<u>\$ 12,501</u>	<u>\$ 2,679</u>	<u>\$ 286,056</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, 2019

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
SUBDIVISION BOND				
<i>Assets</i>				
Due from other funds	\$ 15,412	\$ 16,721	\$ -	\$ 32,133
Total assets	<u>\$ 15,412</u>	<u>\$ 16,721</u>	<u>\$ -</u>	<u>\$ 32,133</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 15,412	\$ 16,721	\$ -	\$ 32,133
Total liabilities	<u>\$ 15,412</u>	<u>\$ 16,721</u>	<u>\$ -</u>	<u>\$ 32,133</u>
PLANNING ESCROW				
<i>Assets</i>				
Due from other funds	\$ 38,101	\$ -	\$ -	\$ 38,101
Total assets	<u>\$ 38,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,101</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 38,101	\$ -	\$ -	\$ 38,101
Total liabilities	<u>\$ 38,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,101</u>
SOUP KITCHEN				
<i>Assets</i>				
Due from other funds	\$ 25,934	\$ 18,388	\$ 44,322	\$ -
Total assets	<u>\$ 25,934</u>	<u>\$ 18,388</u>	<u>\$ 44,322</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 325	\$ -	\$ 325	\$ -
Deposits held in custody for others	25,609	18,388	43,997	-
Total liabilities	<u>\$ 25,934</u>	<u>\$ 18,388</u>	<u>\$ 44,322</u>	<u>\$ -</u>
STUDENT ACTIVITIES - SENIOR HIGH SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 178,636	\$ 245,011	\$ 258,337	\$ 165,310
Total assets	<u>\$ 178,636</u>	<u>\$ 245,011</u>	<u>\$ 258,337</u>	<u>\$ 165,310</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 178,636	\$ 245,011	\$ 258,337	\$ 165,310
Total liabilities	<u>\$ 178,636</u>	<u>\$ 245,011</u>	<u>\$ 258,337</u>	<u>\$ 165,310</u>
STUDENT ACTIVITIES - MIDDLE SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 28,158	\$ 40,211	\$ 45,923	\$ 22,446
Total assets	<u>\$ 28,158</u>	<u>\$ 40,211</u>	<u>\$ 45,923</u>	<u>\$ 22,446</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 28,158	\$ 40,211	\$ 45,923	\$ 22,446
Total liabilities	<u>\$ 28,158</u>	<u>\$ 40,211</u>	<u>\$ 45,923</u>	<u>\$ 22,446</u>

(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, 2019

	<i>Balance</i> <u>June 30, 2018</u>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <u>June 30, 2019</u>
STUDENT ACTIVITIES -HALLIWELL ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 16,091	\$ 17,421	\$ 20,626	\$ 12,886
Total assets	<u>\$ 16,091</u>	<u>\$ 17,421</u>	<u>\$ 20,626</u>	<u>\$ 12,886</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 16,091	\$ 17,421	\$ 20,626	\$ 12,886
Total liabilities	<u>\$ 16,091</u>	<u>\$ 17,421</u>	<u>\$ 20,626</u>	<u>\$ 12,886</u>
STUDENT ACTIVITIES -NORTH SMITHFIELD ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 21,777	\$ 26,001	\$ 35,277	\$ 12,501
Total assets	<u>\$ 21,777</u>	<u>\$ 26,001</u>	<u>\$ 35,277</u>	<u>\$ 12,501</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 21,777	\$ 26,001	\$ 35,277	\$ 12,501
Total liabilities	<u>\$ 21,777</u>	<u>\$ 26,001</u>	<u>\$ 35,277</u>	<u>\$ 12,501</u>
ATHLETIC FUND				
<i>Assets</i>				
Cash and cash equivalents	\$ 158	\$ 7,447	\$ 4,926	\$ 2,679
Total assets	<u>\$ 158</u>	<u>\$ 7,447</u>	<u>\$ 4,926</u>	<u>\$ 2,679</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 158	\$ 7,447	\$ 4,926	\$ 2,679
Total liabilities	<u>\$ 158</u>	<u>\$ 7,447</u>	<u>\$ 4,926</u>	<u>\$ 2,679</u>
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash equivalents	\$ 244,820	\$ 336,091	\$ 365,089	\$ 215,822
Due from other funds	79,447	35,109	44,322	70,234
Total assets	<u>\$ 324,267</u>	<u>\$ 371,200</u>	<u>\$ 409,411</u>	<u>\$ 286,056</u>
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 325	\$ -	\$ 325	\$ -
Deposits held in custody for others	323,942	371,200	409,086	286,056
Total liabilities	<u>\$ 324,267</u>	<u>\$ 371,200</u>	<u>\$ 409,411</u>	<u>\$ 286,056</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ending June 30, 2019

Real Estate and Personal Property Taxes

<i>Year</i>	<i>Balance June 30, 2018</i>	<i>Levy</i>	<i>Additions</i>	<i>Abatements and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2019</i>
2019	\$ -	\$ 34,111,700	\$ 266,746	\$ (40,451)	\$ 34,337,995	\$ 33,700,574	\$ 637,421
2018	564,977	-	4,602	(17,866)	551,713	442,624	109,089
2017	184,724	-	-	(17,904)	166,820	55,178	111,642
2016	156,574	-	-	(21,570)	135,004	14,694	120,310
2015	181,740	-	-	(20,412)	161,328	7,419	153,909
2014	197,346	-	-	(19,767)	177,579	4,624	172,955
2013	167,481	-	-	(25,153)	142,328	2,433	139,895
2012	141,846	-	-	(25,296)	116,550	2,663	113,887
2011	135,871	-	-	(25,296)	110,575	3,217	107,358
2010	80,577	-	-	(9,735)	70,842	1,651	69,191
2009	78,851	-	-	(9,387)	69,464	1,559	67,905
2008	60,114	-	-	(8,628)	51,486	266	51,220
2007	35,660	-	-	(6,180)	29,480	270	29,210
2006	35,353	-	-	(6,098)	29,255	911	28,344
2005	31,703	-	-	(5,864)	25,839	935	24,904
2004	33,265	-	-	(7,445)	25,820	863	24,957
2003	7,195	-	-	(7,195)	-	-	-
2002 and prior	413	-	-	-	413	-	413
	<u>\$ 2,093,690</u>	<u>\$ 34,111,700</u>	<u>\$ 271,348</u>	<u>\$ (274,247)</u>	<u>\$ 36,202,491</u>	<u>\$ 34,239,881</u>	<u>1,962,610</u>
					<i>Allowance for Uncollectible Accounts</i>		(702,818)
					<i>Net Property Tax Receivable</i>		<u>\$ 1,259,792</u>

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
Real property - residential	\$ 1,093,309,740	\$ 18,845,380
Real property - commercial	296,382,740	5,668,320
Real property - FFOS	2,713,860	46,779
Real property - frozen	5,990,260	80,920
Motor vehicles	113,584,902	4,273,064
Tangible personal property	157,427,540	6,769,227
Total	<u>1,669,409,042</u>	<u>35,683,690</u>
Exemptions	59,893,571	1,571,990
Net assessed value	<u>\$ 1,609,515,471</u>	<u>\$ 34,111,700</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 34,239,881
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2019	170,303
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2018	<u>(189,096)</u>
Current year property tax revenue	<u>\$ 34,221,088</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ending June 30, 2019

Fiscal Year 2019 Cash Collection Summary

<u>Year</u>	<u>July - August 2018 Collections Subject to 60 day FY 18 Accrual</u>	<u>September 2018 - June 2019 Collections</u>	<u>Total FY 2019 Cash Collections</u>	<u>July - August 2019 Collections Subject to 60 day FY 19 Accrual</u>
2019	\$ -	\$ 33,700,574	\$ 33,700,574	\$ 149,463
2018	161,606	281,018	442,624	13,464
2017	20,502	34,676	55,178	2,266
2016	2,957	11,737	14,694	464
2015	1,526	5,893	7,419	445
2014	1,075	3,549	4,624	587
2013	447	1,986	2,433	974
2012	269	2,394	2,663	1,301
2011	-	3,217	3,217	1,091
2010	357	1,294	1,651	248
2009	357	1,202	1,559	-
2008	-	266	266	-
2007	-	270	270	-
2006	-	911	911	-
2005	-	935	935	-
2004	-	863	863	-
2003	-	-	-	-
2002 and prior	-	-	-	-
	<u>\$ 189,096</u>	<u>\$ 34,050,785</u>	<u>\$ 34,239,881</u>	<u>\$ 170,303</u>

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 33,465,363	\$ -
Last Year's Levy Tax Collection	474,789	-
Prior Years Property Tax Collection	91,178	-
Interest & Penalty	232,478	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	197,190	-
Fines and Forfeitures	59,423	-
Investment Income	143,365	-
Departmental	637,936	-
Rescue Run Revenue	277,140	-
Police & Fire Detail	6,226	-
Other Local Non-Property Tax Revenues	191,376	-
Tuition	-	44,214
Impact Aid	-	-
Medicaid	-	274,289
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	143,469
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	748,390
MV Excise Tax Reimbursement	183,264	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	77,887	-
Library Construction Aid	-	-
Public Service Corporation Tax	154,320	-
Meals & Beverage Tax / Hotel Tax	309,502	-
LEA Aid	-	6,203,904
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	999,892	-
State Food Service Revenue	-	5,546
Incentive Aid	-	-
Property Revaluation Reimbursement	33,629	-
Other State Revenue	7,800	91,851
Motor Vehicle Phase Out	782,624	-
Other Revenue	9,766	401,663
Local Appropriation for Education	-	19,681,526
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 38,335,146	\$ 27,594,852
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 392,299	\$ 412,367	\$ -	\$ 39,947	\$ 265,475	\$ -	\$ 854,723	\$ 196,766	\$ 1,924,075
Compensation - Group B	-	-	-	-	-	-	-	-	26,867
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	374	890	-	-	-	-	71,317	2,042	303,060
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	53,011	84,817	-	-	42,409	-	159,033	21,204	302,214
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	10,602
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,538	4,842	-	-	2,421	-	9,567	1,210	16,341
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	605
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	15,465	31,614	-	3,056	20,515	-	70,865	16,479	168,760
Life Insurance	3,189	5,102	-	-	2,551	-	9,567	1,276	17,858
State Defined Contribution- Group A	4,088	3,976	-	-	2,409	-	5,933	906	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	448
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	22,770	22,144	-	-	13,420	-	42,070	5,044	369,491
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	2,493
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	73,493	17,111	10,000	3,718	1,300	-	26,902	-	36,312
Materials/Supplies	3,439	2,647	-	5,327	558	-	42,543	44,223	33,643
Software Licenses	-	24,598	-	24,384	4,657	-	-	-	15,049
Capital Outlays	249,248	18,000	-	5,788	13,510	-	177,817	3,500	83,042
Insurance	252,997	-	-	-	-	-	-	-	-
Maintenance	2,663	3,137	-	453	2,228	-	15,004	17,734	3,950
Vehicle Operations	-	107	-	-	420	-	96,613	10,944	83,943
Utilities	68,557	-	-	-	1,197	-	19,569	6,822	28,475
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	123,318	-	-
Revaluation	-	67,649	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	13,669	-	-
Trash Removal & Recycling	-	-	-	-	-	-	602,000	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	7,171	-	-	-	-	-	-	-	-
Other Operation Expenditures	59,961	23,434	-	883	1,330	444,372	312,865	155	113,109
Tipping Fees	-	-	-	-	-	-	170,897	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,211,262	\$ 722,433	\$ 10,000	\$ 83,557	\$ 374,400	\$ 444,372	\$ 2,824,270	\$ 328,305	\$ 3,540,337

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2019

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 170,648	\$ 90,742	\$ -	\$ -	\$ -	\$ 4,347,041	\$ 12,064,007
Compensation - Group B	-	-	-	-	-	-	26,867	1,402,778
Compensation - Group C	-	-	-	-	-	-	-	2,312,256
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	3,010	1,364	-	-	-	382,056	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	27,078
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	21,204	10,602	-	-	-	694,494	1,326,228
Active Medical Insurance- Group B	-	-	-	-	-	-	10,602	160,314
Active Medical Insurance- Group C	-	-	-	-	-	-	-	621,512
Active Dental insurance- Group A	-	1,210	605	-	-	-	38,735	125,996
Active Dental Insurance- Group B	-	-	-	-	-	-	605	12,163
Active Dental Insurance- Group C	-	-	-	-	-	-	-	42,422
Payroll Taxes	-	11,984	7,046	-	-	-	345,784	393,388
Life Insurance	-	1,276	638	-	-	-	41,456	66,297
State Defined Contribution- Group A	-	898	579	-	-	-	18,788	299,579
State Defined Contribution - Group B	-	-	-	-	-	-	448	23,422
State Defined Contribution - Group C	-	-	-	-	-	-	-	19,735
Other Benefits- Group A	-	-	-	-	-	-	-	103,772
Other Benefits- Group B	-	-	-	-	-	-	-	66,290
Other Benefits- Group C	-	-	-	-	-	-	-	117,214
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	5,000	3,226	-	-	-	483,164	1,601,856
State Defined Benefit Pension - Group B	-	-	-	-	-	-	2,493	165,069
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	111,357
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	115	-	-	-	168,952	4,550,535
Materials/Supplies	-	1,395	2,902	-	-	-	136,677	523,613
Software Licenses	-	-	-	-	-	-	68,687	68,768
Capital Outlays	121,747	-	-	-	-	-	672,652	75,031
Insurance	-	-	-	-	-	-	252,997	126,073
Maintenance	-	-	2,247	-	-	-	47,415	222,497
Vehicle Operations	45,349	-	5,205	-	-	-	242,580	81,722
Utilities	-	-	6,357	-	-	-	130,977	680,906
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	123,318	-
Revaluation	-	-	-	-	-	-	67,649	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	13,669	-
Trash Removal & Recycling	-	-	-	-	-	-	602,000	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	7,171	-
Other Operation Expenditures	2,946,042	-	29,310	-	-	-	3,931,462	72,755
Tipping Fees	-	-	-	-	-	-	170,897	-
Local Appropriation for Education	-	-	-	19,681,526	-	-	19,681,526	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	793,906	-	793,906	-
Municipal Debt- Interest	-	-	-	-	180,424	-	180,424	-
School Debt- Principal	-	-	-	-	1,995,839	-	1,995,839	-
School Debt- Interest	-	-	-	-	918,255	-	918,255	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	29,548
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	1,393
OPEB Contribution- Total	-	-	-	-	-	475,096	475,096	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,113,138	\$ 216,625	\$ 160,939	\$ 19,681,526	\$ 3,888,423	\$ 475,096	\$ 37,074,682	\$ 27,495,573

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	33,755	155,630
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 33,755	\$ 155,630
Net Change in Fund Balance¹	1,226,709	(56,351)
Fund Balance1- beginning of year	\$7,348,811	\$2,540,388
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	1	(1)
Fund Balance¹ - beginning of year adjusted	7,348,812	2,540,387
Rounding		
Fund Balance¹ - end of year	\$ 8,575,521	\$ 2,484,036

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2018						\$ 7,348,811	-	\$ 7,348,811	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2018</i>						-	-	-	
<i>Misc. adjustments made for fiscal 2018</i>						1	-	1	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 7,348,812</u>	<u>-</u>	<u>\$ 7,348,812</u>	
General Fund	\$ 38,335,146	\$ -	\$ 17,393,156	\$ 19,715,281	\$ 1,226,709	\$ 7,348,812	\$ -	\$ 7,348,812	\$ 8,575,521
Totals per audited financial statements	<u>\$ 38,335,146</u>	<u>\$ -</u>	<u>\$ 17,393,156</u>	<u>\$ 19,715,281</u>	<u>\$ 1,226,709</u>	<u>\$ 7,348,812</u>	<u>\$ -</u>	<u>\$ 7,348,812</u>	<u>\$ 8,575,521</u>
<u>Reconciliation from financial statements to MTP2</u>									
School appropriation to education reflected in financing use in audit but reflected as expenditure in MTP-2	\$ -	\$ -	\$ 19,681,526.00	\$ (19,681,526.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 38,335,146</u>	<u>\$ -</u>	<u>\$ 37,074,682</u>	<u>\$ 33,755</u>	<u>\$ 1,226,709</u>	<u>\$ 7,348,812</u>	<u>\$ -</u>	<u>\$ 7,348,812</u>	<u>\$ 8,575,521</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2019

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance1 - per MTP-2 at June 30, 2018						\$ 2,540,388	-	\$ 2,540,388	
<i>Misc. adjustments made for fiscal 2018</i>						(1)	-	(1)	
Fund Balance¹ - per MTP-2 at June 30, 2018 adjusted						<u>\$ 2,540,387</u>	-	<u>\$ 2,540,387</u>	
School Unrestricted Fund	\$ 7,928,465	\$ 19,681,526	\$ 27,529,295	\$ 155,630	\$ (74,934)	\$ 2,468,997	\$ -	\$ 2,468,997	\$ 2,394,063
Food Service Special Revenue Fund1	485,020	-	472,636	-	12,384	66,897	-	66,897	79,281
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	841,463	-	835,264	-	6,199	4,493	-	4,493	10,692
Totals per audited financial statements	<u>\$ 9,254,948</u>	<u>\$ 19,681,526</u>	<u>\$ 28,837,195</u>	<u>\$ 155,630</u>	<u>\$ (56,351)</u>	<u>\$ 2,540,387</u>	<u>\$ -</u>	<u>\$ 2,540,387</u>	<u>\$ 2,484,036</u>
Reconciliation from financial statements to MTP2									
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	\$ (1,341,622)	\$ -	\$ (1,341,622)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Appropriation to education reflected in financing source in audit but reflected as revenue in MTP	19,681,526	(19,681,526)	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 27,594,852</u>	<u>\$ -</u>	<u>\$ 27,495,573</u>	<u>\$ 155,630</u>	<u>\$ (56,351)</u>	<u>\$ 2,540,387</u>	<u>\$ -</u>	<u>\$ 2,540,387</u>	<u>\$ 2,484,036</u>
Reconciliation from MTP2 to UCOA									
Use of fund balance reported as revenue in UCOA file	<u>147,932</u>		<u>-</u>						
Totals per UCOA Validated Totals Report	<u>\$ 27,742,784</u>		<u>\$ 27,495,573</u>						

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of North Smithfield, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2019

Notes to Supplementary Information – *Annual Supplemental Transparency Report (MTP2)*

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the annual financial statements is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

North Smithfield School Department

UCOA annual upload file reconciled to audited financial statements for the fiscal year ended June 30, 2019

	Revenues	Expenditures/Expenses
<i>Amounts from the audited financial statements (funds that include activity included in the total UCOA upload file):</i>		
Unrestricted School Fund	\$ 7,928,465	\$ 27,529,295
School special revenue funds	1,326,483	1,307,900
Total	\$ 9,254,948	\$ 28,837,195
<i>Adjustments/reconciling items:</i>		
Less: State share of teacher pension contribution - on-behalf payments	(1,341,622)	(1,341,622)
Add: Local appropriation to schools reflected as a transfer on financial statements and revenue per UCOA	19,681,526	
Add: Use of fund balance reported as revenue in UCOA	147,932	
Adjusted totals	\$ 27,742,784	\$ 27,495,573
<i>UCOA - final upload file (including final audit adjustments)</i>		
<i>specify upload date December 2, 2019</i>	\$ 27,742,784	\$ 27,495,574
<i>Adjustments/reconciling items:</i>		
Rounding		(1)
Adjusted totals	\$ 27,742,784	\$ 27,495,573
Unreconciled variance	\$ -	\$ -

Revised October 2016

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 the 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, 2019, 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 December 19, 2019.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 results 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 CPAs, LLC

Warwick, Rhode Island
December 19, 2019



CERTIFIED PUBLIC ACCOUNTANTS

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***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE***

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 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2019.

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 the Uniform Guidance, 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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 19, 2019

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Number

84.027A

84.173A

Name of Program or Cluster

Special Education Cluster – PL 94-142 – Project IDEA

Special Education Cluster – Preschool Section 619

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

- 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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
US Department of Education			
Pass-through RI Department of Education:			
<i>Special Education Cluster (IDEA):</i>			
PL-94-142 - Project IDEA	84.027A	2725-13202-901	\$ 484,520
Preschool Section 619	84.173A	2725-13502-901	8,226
<i>Total Special Education Cluster</i>			<u>492,746</u>
Title I	84.010A	2725-11702-901	213,415
Title II - Professional Development	84.367A	2725-16402-901	42,230
Total US Department of Education			<u>748,391</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	127,597
Non-cash assistance (commodities)	10.555	N/A	24,469
School Breakfast Program	10.553	N/A	15,872
<i>Total Child Nutrition Cluster</i>			<u>167,938</u>
Total US Department of Agriculture			<u>167,938</u>
US Department of Health and Human Services			
Pass-through RI Department of Behavioral Healthcare, Developmental Disabilities and Hospitals:			
Substance Abuse Block Grant	93.959	N/A	409
Pass-through RI Department of Health:			
Public Health Emergency Preparedness - MEDS	93.069	N/A	1,847
Total US Department of Health and Human Services			<u>2,256</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	5,124
<i>Total Highway Safety Cluster</i>			<u>5,124</u>
Total US Department of Transportation			<u>5,124</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal year Ended June 30, 2019

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal 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	6,717
State Homeland Security Grant	97.067	N/A	1,226
<i>Total US Department of Homeland Security</i>			<u>7,943</u>
<i>US Department of Justice</i>			
<i>Pass-through RI Public Safety Grant Administration Office:</i>			
Byrne/JAG Program	16.738	GR-17589	6,955
VAWA	16.588	N/A	1,602
<i>Total US Department of Justice</i>			<u>8,557</u>
 <i>Total Expenditures of Federal Awards</i>			 <u>\$ 940,209</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of North Smithfield, Rhode Island under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of North Smithfield, Rhode Island, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town of North Smithfield, Rhode Island.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The Town of North Smithfield, Rhode Island has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.