



**Basic Financial Statements
And Supplementary Information**

For the year ended June 30, 2020

Prepared by:

Finance Department

CITY OF CENTRAL FALLS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2020
WITH INDEPENDENT AUDITORS' REPORT**

CITY OF CENTRAL FALLS, RHODE ISLAND

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CITY OF CENTRAL FALLS

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
JUNE 30, 2020



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Central Falls, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City'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. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Central Falls, State Rhode Island, as of June 30, 2020, 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, supplementary pension information, and OPEB schedules on pages 4-11 and 68-91 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 City of Central Falls, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, Agency fund financial statements, Annual Supplemental Transparency Report (MTP2), Tax Collectors Annual Report, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, agency funds financial statements, Annual Supplemental Transparency Report (MTP2), Tax Collectors Annual Report, and other supplementary information, 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, agency funds financial statements, Annual Supplemental Transparency Report (MTP2), Tax Collectors Annual Report, and other supplementary information, 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 June 30, 2020 on our consideration of the City of Central Falls, 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 City of Central Falls, 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 City of Central Falls, Rhode Island's internal control over financial reporting and compliance.

PPA, LLP

Warwick, Rhode Island
June 1, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2020

This discussion and analysis of the City of Central Falls financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. This is the City's sixteenth (16th) year reporting in accordance with the provisions of GASB Statement No. 34. Please read this document in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Message from Mayor Maria Rivera

Central Falls has been the hardest-hit community in Rhode Island through the COVID pandemic, from tragically losing residents to the deadly virus to many residents losing their jobs and desperately needed wages to make ends meet. During her first term as Mayor, Maria Rivera is working hard to rebuild and help the city recover. Mayor Rivera's number one priority is beating the COVID pandemic and keeping the city safe - this includes investments and work to support more vaccine registrations, hold accessible vaccine clinics, and increase testing. Additional priorities include addressing the city's housing crisis by identifying and revitalizing blighted housing projects to create jobs and develop safe, affordable housing, while rebooting the Central Falls economy. From enriching neighborhoods and greenspaces, to supporting small businesses with targeted outreach efforts, to infrastructure upgrades, to creating safer streets, Mayor Rivera is prioritizing important community and economic development initiatives to support a stronger, more vibrant city, making Central Falls a leading economically and socially diverse city that attracts families, businesses and visitors.

Financial Highlights

The auditors' report for 2020 expresses an unmodified (i.e. "clean") opinion on the financial statements of the City of Central Falls. The City's basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the City and the notes to the financial statements.

The Government-Wide Statement of Net Position indicates that the City's total net position increased this year to a negative \$18,018,260, reflecting an increase of \$3,014,913 over FY2019.

The Government-Wide Statement of Activities indicates that the City's total general revenues of \$18,168,032 combined with additional program revenues of \$4,488,285, less program expenses of \$19,641,404, resulted in an increase of \$3,014,913 in total net position from a year ago.

The Governmental Fund Financial Statements indicate that the ending fund balance for the City's general fund was a surplus of \$3,399,711, reflecting an increase of \$1,238,668 (after other financing sources and uses) compared to the FY2019 fund balance.

The Financial Statements

The financial statements presented herein include all the activities of the City of Central Falls using the integrated approach as prescribed by Government Accounting Standard Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the City of Central Falls from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the City of Central Falls as well as all liabilities (including long term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 about inter-fund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities - governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are reported in the City's trust and agency funds. Agency funds, unlike the City's pension trust funds, do not have a measurement focus and only require a statement of fiduciary net position. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

Overview of the Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City of Central Falls as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most companies in the private-sector. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is an indicator of whether the City's financial health is improving or deteriorating.

GASB Statement No. 34 defines the accounting terms found in the Statement of Net Position and the Statement of Activities as follows:

Governmental Activities

This category identifies the costs of the City's various functions/programs in providing services to the public (i.e. general government, public safety, public works, etc.). The City's aggregate costs of providing these services are then offset by the state, federal and private grants, which provide additional funds that serve to reduce the City's costs of providing these same services.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the reporting entity as a whole. Although some funds are established by local ordinance, management often creates other funds to help control and manage certain revenues, grants and other sources of funds. These funds are generally earmarked for specific purposes and management must be able to demonstrate that it is meeting certain legal responsibilities often required by the provider.

Governmental Funds

Most of the City's services are reported on governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements compared to those in the Government-Wide financial statements are explained in the reconciliation schedule following the Governmental Fund financial statements.

Proprietary Funds

Business-like activities, such as providing water or sewer services, to the general public are done so through enterprise funds, which are financed primarily by user charges. The City of Central Falls has no enterprise funds. Services of this type have historically been provided to Central Falls residents through regional boards and commissions located outside of the City.

Fiduciary Funds

The City of Central Falls is the trustee, or fiduciary, for certain funds held on behalf of beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the Government-Wide and Governmental Fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, such as the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for the General Fund.

Overview of the Financial Statements (Continued)
Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Government-Wide Financial Analysis

In this, the sixteenth (16th) year of implementation of the provisions of GASB Statement No. 34, the City continues to provide certain disclosures and compares them to prior year financial statements. In the sections that follow, a comparative analysis is provided between current year and prior year information.

As noted earlier, the total net position for the City of Central Falls has increased by \$3,014,913 over the prior year's balance. This decrease is first identified in the change in net position as recorded in the Statement of Activities and then flows through the Statement of Net Position. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities and Changes in Net Assets.

Net Assets			
Governmental Activities			
		<u>2020</u>	<u>2019</u>
	-		
Current and other assets	\$	8,841,884	\$ 6,266,354
Capital assets		<u>20,487,329</u>	<u>19,968,249</u>
Total Assets		<u>29,329,213</u>	<u>26,234,603</u>
Deferred Outflow		4,249,256	3,256,667
Current liabilities		5,824,599	3,646,968
Long-term liabilities		<u>37,370,915</u>	<u>38,686,629</u>
Total Liabilities		<u>43,195,514</u>	<u>42,333,597</u>
Deferred Inflow		<u>7,956,633</u>	<u>8,190,846</u>
Net Position:		(17,573,678)	(21,033,173)
Net investment in			
Capital assets		12,872,329	11,303,249
Restricted		84,157	4,871,719
Unrestricted		<u>(30,530,164)</u>	<u>(37,208,141)</u>
Total Net Position	\$	<u>(17,573,678)</u>	\$ (21,033,173)

This year the City of Central Falls continues to report positive balances in two (2) areas of net position. Net investment in capital assets is \$12,872,329 and restricted net position amounted to \$84,157. The negative balance of (\$30,530,164) in unrestricted net position is mostly attributable to the City's net pension liability of \$27,665,3190 and the other post-employment benefits obligation of \$2,570,124.

As indicated in the Statement of Activities, the total cost of governmental activities for the year ended June 30, 2020 was \$19,641,404. Some of the costs (i.e. \$2,954,727) were paid by federal, state and private grants and entitlements.

Overview of the Financial Statements (Continued)
Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Government-Wide Financial Analysis (Continued)

	<u>2020</u>	<u>2019</u>
Charges for Services		
General government	\$ <u>1,593,917</u>	\$ <u>1,699,906</u>

Total revenue received for charges for services in 2020 was \$1,593,917 a decrease of \$105,989 as compared to the amount received in 2019, which was \$1,699,906. The change is mostly attributable to a decrease in services provided.

	<u>2020</u>	<u>2019</u>
Operating Grants and Contributions		
General government	\$ 322,192	\$ 339,611
Public safety	121,712	154,465
Public works	23,392	
Public recreation	109,976	104,239
Total	\$ <u>577,272</u>	\$ <u>598,315</u>

Total revenue received from Operating Grants and Contributions in 2020, was \$577,272 a decrease of \$21,043 as compared to the amount received in 2019, which was equal to \$598,315.

	<u>2020</u>	<u>2019</u>
Capital Grants and Contributions		
General government	\$ <u>2,317,096</u>	\$ <u>1,556,950</u>

Total revenue received from Capital Grants and Contributions in 2020 was \$2,317,096, which was an increase of \$760,146 to the amount received in 2019, which was \$1,556,950.

	<u>2020</u>	<u>2019</u>
Total Program Revenues	\$ <u>4,488,285</u>	\$ <u>3,855,171</u>
General Revenues		
Property taxes	14,496,769	15,287,652
Grants and contributions (unrestricted)	2,859,170	2,919,265
Investment earnings	15,197	7,180
Miscellaneous	796,896	1,161,276
Total General Revenues	<u>18,168,032</u>	<u>19,375,373</u>
	\$ <u>22,656,317</u>	\$ <u>23,230,544</u>

General revenues in 2020 were \$18,168,032, which reflects a decrease of \$667,360 as compared to the amount received in 2019, which was equal to \$19,375,373. Total Government-Wide Revenues in 2020 were \$22,656,317, a decrease of \$574,227 as compared to the amount received in 2019, which was equal to \$23,230,544.

Overview of the Financial Statements (Continued)
Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

Statement of Activities

Program Expenses	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
General Government	\$ 2,287,483	\$ 1,945,722	\$ 780,079	\$ 2,816,388
Public Safety	7,697,631	(7,575,919)	8,667,184	(8,512,719)
Planning	958,026	(958,026)	457,952	(457,952)
Public Works	2,633,208	(2,609,816)	2,402,804	(2,402,804)
Public Education	387,712	(387,712)	1,046,375	(1,046,375)
Public Recreation	1,243,664	(1,133,688)	1,263,608	(1,159,369)
Contingency	4,005	(4,005)	1,245	(1,245)
Reserve	-	-	-	-
Employee Benefits	1,159,670	(1,159,670)	2,508,125	(2,508,125)
Retirement	2,456,051	(2,456,051)	5,989,903	(5,989,903)
Debt Service Interest	369,372	(369,372)	351,304	(351,304)
*Total Expenses	\$ 19,196,822	\$ (14,708,537)	\$ 23,468,579	\$ (19,613,408)

The City's total program expenses were \$19,641,404. With additional program revenues of \$4,488,285 in FY 2020, the City's net cost of services was \$15,153,119. When subtracted from the City's total general revenues of \$18,168,032 the City realizes a favorable Change in Net Position of \$3,014,913.

Transfers

Inter-fund transfers for the year ended June 30, 2020 totaled \$610,488 for the year.

Financial Analysis of the City's Funds – Governmental Fund Statements

Statement of Changes in Fund Balances – Governmental Funds

	<u>Fund Balance June 30, 2020</u>	<u>Fund Balance June 30, 2019</u>	<u>Increase (Decrease)</u>
General Fund	\$ 3,399,711	\$ 2,161,043	\$ 1,238,668
State Pension	84,157	84,157	-
Other Governmental	1,021,993	733,918	288,075
Total	<u>\$ 4,505,861</u>	<u>\$ 2,979,118</u>	<u>\$ 1,526,743</u>

The fund balance for the City of Central Falls general fund is \$3,399,711 as of June 30, 2020. This represents an increase of \$1,238,668 as compared to FY2019.

Financial Analysis of the City's Funds – Governmental Fund Statements Analysis (Continued)

General Fund Revenues	2020	2019	Variance	Percentage Change
General property taxes	\$ 16,011,596	\$ 15,193,438	\$ 818,158	5.38%
Intergovernmental	2,859,170	5,074,530	(2,215,360)	-43.66%
Fees / Non-tax income	1,593,917	1,699,906	(105,989)	-6.23%
Other revenues	<u>751,729</u>	<u>1,168,456</u>	<u>(416,727)</u>	<u>-35.66%</u>
Total	<u>\$ 21,216,412</u>	<u>\$ 23,136,330</u>	<u>\$ (1,919,918)</u>	<u>-8.30%</u>

Revenues from general property taxes increased by \$818,158 or 5.38%, as compared to FY2019. Intergovernmental revenues received from the State of Rhode Island decreased by \$2,215,360 or 43.66% as compared to last year, resulting from a decrease in state aid. Local fees, non-tax, and other income decreased by \$522,716.

The following table displays a comparison of revenues and expenditures “budget to actual” for the general fund, as reported on a budgetary basis and required by the City Charter.

General Fund Budgetary Comparison Schedule – June 30, 2020

Revenue Analysis	Adopted Budget FY20	Final Budget FY20	Actual FY20	Variance FY20
Tax revenue	\$ 15,384,874	\$ 15,003,068	\$ 16,048,185	\$ 1,045,117
Fees/Non-tax revenue	1,451,731	1,469,586	1,593,917	124,331
Intergovernmental/State	2,532,480	2,701,618	2,859,170	157,552
Other Income	<u>123,659</u>	<u>101,159</u>	<u>736,107</u>	<u>634,948</u>
Total	<u>\$ 19,492,744</u>	<u>\$ 19,275,431</u>	<u>\$ 21,237,379</u>	<u>\$ 1,961,948</u>
Expenditure Analysis				
General Government	\$ 2,959,310	\$ 3,166,905	\$ 3,169,705	\$ (2,800)
Public safety	8,505,736	8,270,168	8,398,849	(128,681)
Public works	2,165,833	2,234,718	2,268,949	(34,231)
Public Library	150,209	150,209	125,401	24,808
Public recreation/Planning	822,766	758,949	620,258	138,691
Municipal debt service	1,452,438	1,472,973	1,339,756	133,217
Reserve/Special Projects	-	-	-	-
Contingency	-	-	4,005	(4,005)
Employee benefits	844,892	772,892	944,645	(171,753)
Retirement	<u>2,591,560</u>	<u>2,448,617</u>	<u>2,456,051</u>	<u>(7,434)</u>
Total	<u>\$ 19,492,744</u>	<u>\$ 19,275,431</u>	<u>\$ 19,327,619</u>	<u>\$ (52,188)</u>

Financial Analysis of the City's Funds – Governmental Fund Statements Analysis (Continued)

It should be noted that the Central Falls School District was not classified as a component unit of the City. It is a component unit of the State of Rhode Island through an act of the Rhode Island Legislature. This act provided for the State to assume administrative takeover of the School District effective July 1, 1991. Separately issued financial statements were prepared and may be obtained from the Rhode Island Department of Education.

Debt Administration

At year end the total long-term debt for the City of Central Falls was \$40.9 million. The breakdown is as follows:

	<u>FY2020 Amount</u>	<u>Percent</u>	<u>FY2019 Amount</u>	<u>Percent</u>
General Obligation Municipal Bonds	\$ 4,970,000	12%	\$ 4,975,000	12%
RIHEBC Revenue Bonds	1,145,000	18%	2,190,000	18%
R.I. Infrastructure Bank	1,500,000	4%	1,500,000	4%
Net Pension Liability (NPL)	30,043,987	57%	27,798,470	57%
Net OPEB Liability (NOL)	2,570,124	6%	2,531,302	6%
Due to State	345,884	6%	945,884	6%
Compensated Absences	332,747	0%	439,970	0%
Total	<u>\$ 40,907,742</u>	100%	<u>\$ 40,380,626</u>	100%

The Central Falls School District is a component unit of the State of Rhode Island. While the Central Falls School District has care, custody and control over the seven buildings used by the district, the City owns the buildings and is responsible for major repairs and renovations. These repairs and renovations are typically funded with school bonds as noted above.

On October 26, 2012, Moody's upgraded the City's general obligation bond rating to B2 with a positive outlook and on November 16, 2012 Standard and Poor's bond rating improved to BB. Debt Administration (Continued)

On July 18, 2013, Moody's upgraded the City's general obligation bond rating to B1 from B2 with a positive outlook. Moody's has also affirmed the Ba1 underlying rating on the Rhode Island Health and Educational Building Corporation's (RIHEBC) Series 2007B bonds, with a stable outlook.

On June 27, 2014, Moody's upgraded the City's general obligation bond rating to Ba3 from B1, with a positive outlook.

On May 26, 2015, Moody's upgraded the City's general obligation bond rating to Ba2 from Ba3, with a positive outlook.

On December 23, 2013, Standard and Poor affirmed its BB rating for the City of Central Falls, with a stable outlook.

On March 5, 2015, Standard and Poor reaffirmed its BB rating for the City of Central Falls, with a positive outlook.

Capital Assets

The City of Central Falls has \$20,487,329 invested in capital assets, net of depreciation. Only capitalized assets with an original cost of \$5,000 or greater are included. The straight-line/unrecovered cost method was used to calculate annual depreciation.

Independent Audit

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of PPA, LLP provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2020.

Acknowledgements

The preparation of this report was made possible by the conscientious efforts provided by the entire staff of The City of Central Falls. I appreciate their hard work and dedication throughout this endeavor.

Respectfully submitted,

A handwritten signature in black ink that reads "Mary Signer". The signature is written in a cursive, flowing style.

Mary Signer
Acting Finance Director

FINANCIAL SECTION

CITY OF CENTRAL FALLS

A - 1

STATEMENT OF NET POSITION**JUNE 30, 2020**

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 3,565,532
Due from federal and state governments	2,077,211
Property taxes receivable, net	1,773,944
Other receivables, net	126,172
Cash held in escrow - RIIB	<u>1,299,025</u>
Total Current Assets	8,841,884
Noncurrent Assets	
Capital assets (non-depreciable)	3,874,026
Capital assets (net of accumulated depreciation)	<u>16,613,303</u>
Total Noncurrent Assets	20,487,329
Total Assets	<u>29,329,213</u>
Deferred Outflows of Resources	
Pension related	<u>4,249,256</u>
Total Deferred Outflows of Resources	<u>4,249,256</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

	Governmental Activities
Current Liabilities	
Accounts payable	2,263,867
Accrued interest payable	90,905
Accrued expenses	413,142
Unearned revenue	1,898,526
Current portion of long-term liabilities	<u>1,158,159</u>
Total Current Liabilities	5,824,599
Noncurrent Liabilities	
Net pension liability	27,665,319
Net OPEB liability	2,570,124
Long-term liabilities	<u>7,135,472</u>
Total Noncurrent Liabilities	<u>37,370,915</u>
Total Liabilities	<u>43,195,514</u>
Deferred Inflows of Resources	
Pension related	<u>7,956,633</u>
Total Deferred Inflows of Resources	<u>7,956,633</u>
Net Position (Deficit)	
Net investment in capital assets	12,872,329
Restricted:	
Retirees supplemental settlement	84,157
Capital projects	--
Special revenue/grantors	--
Unrestricted	<u>(30,530,164)</u>
Total Net Position (Deficit)	<u>\$ (17,573,678)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CENTRAL FALLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					Governmental Activities
Governmental activities:					
General government	\$ 2,287,483	\$ 1,593,917	\$ 322,192	\$ 2,317,096	\$ 1,945,722
Public safety	7,697,631	--	121,712	--	(7,575,919)
Planning	958,026	--	--	--	(958,026)
Public works	2,633,208	--	23,392	--	(2,609,816)
Public education	387,712	--	--	--	(387,712)
Public recreation	1,243,664	--	109,976	--	(1,133,688)
Contingency	4,005	--	--	--	(4,005)
Employee benefits	1,159,670	--	--	--	(1,159,670)
Retirement	2,456,051	--	--	--	(2,456,051)
Debt service interest	369,372	--	--	--	(369,372)
Totals	<u>\$ 19,196,822</u>	<u>\$ 1,593,917</u>	<u>\$ 577,272</u>	<u>\$ 2,317,096</u>	(14,708,537)
General Revenues:					
					14,496,769
					2,859,170
					15,197
					796,896
					<u>18,168,032</u>
					3,459,495
					<u>(21,033,173)</u>
					<u>\$ (17,573,678)</u>

The accompanying notes are an integral part of these financial statements.

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Retirees Supplemental Settlement	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,819,663	\$ 3,612	\$ 742,257	\$ 3,565,532
Due from federal and state governments	1,546,730	--	530,481	2,077,211
Property taxes receivable, net	1,773,944	--	--	1,773,944
Other receivables, net	126,172	--	--	126,172
Cash held in escrow - RIIB	1,299,025	--	--	1,299,025
Due from other funds	<u>4,607,786</u>	<u>80,545</u>	<u>8,131,228</u>	<u>12,819,559</u>
Total Assets	<u>12,173,320</u>	<u>84,157</u>	<u>9,403,966</u>	<u>21,661,443</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	2,263,867	--	--	2,263,867
Accrued expenses	331,631	--	81,511	413,142
Due to other funds	4,733,523	--	8,086,036	12,819,559
Unearned revenue	<u>--</u>	<u>--</u>	<u>214,426</u>	<u>214,426</u>
Total Liabilities	<u>7,329,021</u>	<u>--</u>	<u>8,381,973</u>	<u>15,710,994</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	<u>1,514,827</u>	<u>--</u>	<u>--</u>	<u>1,514,827</u>
Total Deferred Inflows of Resources	<u>1,514,827</u>	<u>--</u>	<u>--</u>	<u>1,514,827</u>
Fund Balance				
Nonspendable	1,299,025	--	--	1,299,025
Restricted	--	84,157	1,060,724	1,144,881
Committed	2,484,438	--	--	2,484,438
Unassigned	<u>(453,991)</u>	<u>--</u>	<u>(38,731)</u>	<u>(492,722)</u>
Total Fund Balances	<u>3,329,472</u>	<u>84,157</u>	<u>1,021,993</u>	<u>4,435,622</u>
Total Liabilities and Fund Balances	<u>\$ 12,173,320</u>	<u>\$ 84,157</u>	<u>\$ 9,403,966</u>	

Amounts reported for governmental activities in the Statement of Net Position differ because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,487,329
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(38,529,074)
Unearned revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position.	(169,273)
Pension related deferred outflows less pension related deferred inflows on the statement of net position	(3,707,377)
Accrued interest on long-term liabilities have been included in the governmental activities in the Statement of Net Position.	(90,905)
Net Position of Governmental Activities (A-1)	<u>\$ (17,573,678)</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, OTHER FINANCING SOURCES, EXPENDITURES
OTHER FINANCING USES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Retirees Supplemental Settlement	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 16,011,596	\$ --	\$ --	\$ 16,011,596
Interest and investment income	14,122	5	1,070	15,197
Intergovernmental	2,859,170	--	2,894,368	5,753,538
Fees/non-tax income	1,593,917	--	--	1,593,917
Other revenues	737,607	--	59,289	796,896
Total Revenues	<u>21,216,412</u>	<u>5</u>	<u>2,954,727</u>	<u>24,171,144</u>
Expenditures				
Current:				
General government	3,242,000	--	111,187	3,353,187
Planning	--	--	958,026	958,026
Public safety	8,399,794	--	123,209	8,523,003
Public works	2,268,949	--	--	2,268,949
Public education	125,401	--	--	125,401
Public recreation	620,258	--	80,792	701,050
Contingency	4,005	--	--	4,005
Employee benefits	1,159,670	--	--	1,159,670
Reserve	--	--	--	--
Retirement	2,456,051	--	--	2,456,051
Debt Service:				
Principal and interest	1,339,756	--	--	1,339,756
Capital:				
Capital expenditures	--	--	1,825,535	1,825,535
Total Expenditures	<u>19,615,884</u>	<u>--</u>	<u>3,098,749</u>	<u>22,714,633</u>
Excess of Revenues Over (Under) Expenditures				
Before Other Financing Sources (Uses)	<u>1,600,528</u>	<u>5</u>	<u>(144,022)</u>	<u>1,456,511</u>
Other Financing Sources (Uses)				
Payments made to State	--	--	--	--
Proceed from bond issuance	--	--	--	--
Transfers in	30	--	610,458	610,488
Transfers out	(432,129)	--	(178,359)	(610,488)
Net Other Financing Sources (Uses)	<u>(432,099)</u>	<u>--</u>	<u>432,099</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources				
Over Expenditures and Other Financing (Uses)	1,168,429	5	288,077	1,456,511
Fund Balance - Beginning of Year, As Restated	<u>2,161,043</u>	<u>84,152</u>	<u>733,916</u>	<u>2,979,111</u>
Fund Balance - End of Year	<u>\$ 3,329,472</u>	<u>\$ 84,157</u>	<u>\$ 1,021,993</u>	<u>\$ 4,435,622</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, OTHER
FINANCING SOURCES, EXPENDITURES, OTHER FINANCING USES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS (B-2) TO THE STATEMENT OF ACTIVITIES (A-2)
FOR THE PERIOD ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds (B-2)	\$ 1,456,511
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposals exceeded capital outlays in the current period.</p>	
	519,080
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.</p>	
	1,851,552
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>	
	(288,032)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
	<u>(79,616)</u>
Change in Net Position of Governmental Activities in the Statement of Activities (A-2)	<u>\$ 3,459,495</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Pension Trust Funds	OPEB Trust Fund	Agency Funds	Total
Assets				
Cash and cash equivalents	\$ --	\$ --	\$ 37,731	\$ 37,731
Investments	--	599,441	--	599,441
Other receivables	--	--	--	--
Total Assets	<u>--</u>	<u>599,441</u>	<u>37,731</u>	<u>637,172</u>
Liabilities				
Deposits Held in Custody for Others	--	--	<u>\$ 37,731</u>	<u>\$ 37,731</u>
Net Position				
Restricted for pension and post-employment benefits	<u>\$ --</u>	<u>\$ 599,441</u>		<u>\$ 599,441</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Pension Trust Funds	OPEB Trust Fund	Total
Additions			
Contributions	\$ 2,722,377	\$ 100,000	\$ 2,822,377
Change in fair market value	602,444	--	602,444
Investment income	210,246	22,985	233,231
Other	--	--	--
Total Additions	<u>3,535,067</u>	<u>122,985</u>	<u>3,658,052</u>
Deductions			
Payment to MERS	12,483,344		
Benefits paid to retirees	2,465,546	0	2,465,546
Other expenses	60,978	1,209	62,187
Total Deductions	<u>15,009,868</u>	<u>1,209</u>	<u>15,011,077</u>
Change in Net Position	(11,474,801)	121,776	(11,353,025)
Net Position, Restricted for Pension and Post-Employment Benefits - Beginning	<u>11,474,801</u>	<u>477,665</u>	<u>11,952,466</u>
Net Position, Restricted for Pension and Post-Employment Benefits - Ending	<u>\$ --</u>	<u>\$ 599,441</u>	<u>\$ 599,441</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Central Falls was founded in 1895. The City is governed largely under the Home Rule Charter, which was revised on June 19, 2007. In some matters, including the issuance of short and long-term debt, the City is governed by the general laws of the State of Rhode Island. The City operates under a Mayor/City Council form of Government.

Pursuant to Chapter 9 bankruptcy protection proceedings initiated in 2011, the Administrative and Finance Officer (AFO) has been appointed by the State of Rhode Island for the City of Central Falls. The AFO has the authority to exercise any function or power of any municipal officer of the City. The City provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (recreation, sanitation, highway and streets, engineering and building maintenance), Public Recreation, and General Administrative Services.

The City complies with accounting principles generally accepted in the United States of America (“GAAP”). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

As a general rule the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

RECENTLY ISSUED ACCOUNTING STANDARDS

The following are recently issued governmental accounting standards which may be applicable in future years:

GASB Statement No. 84 – Fiduciary Activities, effective for Town’s fiscal year ending June 30, 2021.

GASB Statement No. 87 – Leases, effective for Town’s fiscal year ending June 30, 2022.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period, effective for Town’s fiscal year ending June 30, 2022.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61, effective for Town’s fiscal year ending June 30, 2021.

GASB Statement No. 91 – Conduit Debt Obligations, effective for Town’s fiscal year ending June 30, 2021.

GASB Statement No. 92 – Omnibus 2020, effective for Town’s fiscal year ending June 30, 2021.

GASB Statement No. 93 – Replacement of Interbank Offered Rates, effective for Town’s fiscal year ending June 30, 2021.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for Town’s fiscal year ending June 30, 2022.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements, effective for Town’s fiscal year ending June 30, 2022.

REPORTING ENTITY

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61 *The Financial Reporting Entity: Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization’s governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- a. The primary government is legally entitled to or can otherwise access the organization’s resources.
- b. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- c. The primary government is obligated in some manner for the debt of the organization.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

The following entities were considered for classification as component units for fiscal year 2020:

- Central Falls Redevelopment Agency
- Central Falls Housing Authority
- Central Falls Detention Facility Corporation
- Central Falls School District

Although Central Falls Redevelopment Agency meets certain criteria of the tests previously listed, it is deemed not to have separate legal status apart from the City. As a result, the financial data of this entity has been included as non-major special revenue fund within the City's financial statements.

The remaining entities noted above did not meet the criteria to be reported as either blended or discretely presented component units and have not been included in the financial reporting entity.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements, statement of net position and statement of activities report information about the government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City had no business-type activities at June 30, 2020.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants, and grants and contributions restricted to meeting operational goals or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund balance, revenues, and expenditure/expenses. For financial statement purposes an emphasis is placed on major funds. A fund is considered major if it is the primary operating fund (the General Fund) of the City or meets the following criteria:

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

- (a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type,

and

- (b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The governmental funds of the City are described below:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds

The Permanent Funds account for assets held by the City pursuant to trust agreements. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City of Central Falls, Rhode Island does not have any funds that meet the definition of Proprietary Funds.

Fiduciary Funds (not included in Government-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund (Unclaimed Estates). Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Pension Trust Funds

Pension trust funds are used to account for resources legally held in trust and restricted for the payment of pension benefits.

OPEB Trust Funds

OPEB trust funds are used to accumulate resources legally held in trust and restricted for the payment of retiree health benefits and retiree life insurance.

MAJOR FUNDS

In addition to the General Fund the City presents the following funds as major funds:

Special Revenue:	Retirees Supplemental Settlement
Capital Project:	Capital Reserve

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)

Retirees Supplemental Settlement

During the bankruptcy, a Settlement and Release Agreement was made between Robert G. Flanders, Jr. (the Receiver), the State of Rhode Island Department of Revenue, the Central Falls Police Retirees Association Inc., the Central Falls Firefighter Retirees Association, and various Central Falls retirees, or the surviving spouse or beneficiary of a retiree, under one or more pension plans established for such retirees. The appropriation and settlement payments are made from a restricted fund separate from the General Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus and are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (usually 60 days) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, expenditures related to compensated absences, pension obligations, claims and judgments and other post-employment benefits which are recorded only when payment is due. The City considers property taxes as available if they are collected within 60 days after year end.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

All proprietary funds, agency funds, pension trust funds and OPEB trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets

Budgets were adopted in accordance with Home Rule Charter requirements. Annual appropriated budgets are adopted for the General Fund. Generally annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Open encumbrances are reported within fund balance, committed or assigned fund balance, and should not result in separate display of the encumbered amount within those classifications. Encumbrances outstanding at year end do not constitute expenditures or liabilities under GAAP because the commitments will be honored during the subsequent years.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The City invests in various types of investments, which are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Accounts Receivable

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible property taxes amounted to \$763,000 at June 30, 2020. Receivable balances for the governmental activities include property taxes of \$1,773,944 and other receivables of \$126,172.

In the fund financial statements, receivables in the government funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Accounts Payable

Accounts payable balances consist primarily of payables to vendors.

Property Taxes

The City is permitted by State Law to levy property taxes. The City's property taxes are levied on July 1 on assessed value of property as listed on the previous December 31. Taxpayers have an option to pay quarterly installments. Property taxes attach as an enforceable lien on real and personal property as of the date of assessment. Taxes assessed on motor vehicles and trailers represent an excise tax and do not constitute a lien. Uncollected property taxes are stated at the amounts originally assessed and do not include interest or penalties which may be assessed at the time of collection. The tax rate of the city is established by the City Council. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the governmental funds. Within the government-wide statements property taxes are recognized as revenue in the year for which they are levied. In May 2002, the City Council passed an ordinance authorizing the levy of a non-utilization penalty tax in accordance with Rhode Island General Laws Chapter 44-5.1.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position, that apply to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2020, the City reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2020, the City had two items qualifying as a deferred inflow of resources. In the governmental funds balance sheet, the City reports unavailable tax revenue.

This amount is deferred and will be recognized as an inflow of resources in the years in which the amounts become available. The City also reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and include in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

Capital Assets

The accounting treatment over capital assets which include property, plant, equipment and infrastructure (roads, bridges, sidewalks, and similar items) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of five years. In government funds financial statements capital assets are recorded as capital outlay expenditures in the acquiring fund when purchased.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the City have been capitalized and reported within the financial statements.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land	Not depreciated
Construction in progress	Not depreciated
Buildings and land improvements	20-45 years
Motor vehicles	5-6 years
Furniture & equipment	5-10 years
Infrastructure	20 years

Interfund Transactions

Interfund activity within and among the funds of the City have been classified and reported as follows:

- Reciprocal interfund activities:
 - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds (due from other funds / due to other funds).
 - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.
- Non-reciprocal interfund activities:
 - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.
 - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Inter-fund transfers totaled \$610,488 for the year ended June 30, 2020, representing transfer from the Special Revenue Funds to the General Fund of \$178,359 and \$432,129 representing transfer from General Fund to Special Revenue Funds.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

Government-Wide Statements

Net position is displayed in three categories:

- (a) Net investment in capital assets - Consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those assets or related debt would also be included in the net position component.
- (b) Restricted net position - Consists of net position restricted to specific purposes due to constraints placed on the use of those resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. These categories are defined below:

- Non-spendable Fund Balance – includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash.
- Restricted Fund Balance – includes amounts that are restricted to specific purposes either by constraints placed on the use of resources externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Administrative and Finance Officer (AFO) currently has the highest level of decision-making authority for the City of Central Falls.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance (Continued)

Fund Financial Statements (Continued)

- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City does not presently have a spending policy that has delegated this authority.
- Unassigned Fund Balance – is the residual amount not allocated to any other fund balance category in the General Fund, and any residual deficit balance of any other governmental fund.

Application of Funds

The City of Central Falls does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default, the City is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed, then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used. In all situations, the City considers restricted fund balance to be used first when available and when expenditures are incurred that meet the requirements of the restricted fund balance.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, employees are compensated for unused vacation at their current rate of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to record this liability if it is expected to be liquidated with expendable available resources, otherwise this liability is recorded in the government-wide financial statements.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECONCILIATION OF GOVERNMENT-WIDE NET POSITION AND FUND FINANCIAL STATEMENTS FUND BALANCE

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(38,529,074) difference are as follows:

Bonds payable	\$ (7,615,000)
Pension liability	(27,665,319)
Net other post-employment benefit obligation	(2,570,124)
Compensated absences	(332,747)
Due to State	<u>(345,884)</u>
Total Differences	<u>\$ (38,529,074)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this (\$519,082) difference are as follows:

Capital outlays (net of disposals)	\$ 2,567,590
Depreciation expense	<u>(2,048,510)</u>
Net difference	<u>\$ 519,080</u>

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$1,851,552 difference are as follows:

Decrease in compensated absences	\$ 107,223
Increase in OPEB	(38,822)
Decrease in due to State	600,000
Increase in pension liability	133,151
Debt repayments	<u>1,050,000</u>
Net difference	<u>\$ 1,851,552</u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this (\$3,990,711) difference are as follows:

Deferred outflows - ending	\$ 3,965,922
Deferred inflows - ending	<u>(7,956,633)</u>
Net difference	<u>\$ (3,990,711)</u>

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - BUDGETARY AND LEGAL COMPLIANCE

BUDGETS

All agencies of the City submit requests for appropriation to the City's finance director (currently to the Administrative and Finance Officer). These requests include information on the past years, current year's estimates and requested appropriations for the next fiscal year. In accordance with the City's Fourth Amended Plan, dated July 27, 2012, the City's elected officials, and any fiduciary acting with the powers of elected officials, shall keep the City's budget in balance through June 30, 2020, the term of the Plan.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

Deposits are in various financial institutions and are carried at cost, which approximates fair value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$1,150 of petty cash.

At June 30, 2020, the carrying amount of the City's deposits was \$3,603,259 and the bank balance was \$3,532,131 of which \$250,000 was covered by federal depository insurance and the remaining bank balance of \$3,280,981 was collateralized by the financial institutions and/or third parties in the name of the City.

INVESTMENTS

At June 30, 2020 the City's investments totaled \$599,441 (all of which are held in its Fiduciary Funds) and consisted of the following:

Description	Fair Value	Interest Rate	Maturity	Credit Rating
Mutual Funds	\$ 599,441	n/a	n/a	n/a
Total	<u>\$ 599,441</u>			

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amount reported as net position restricted for pension benefits or other post-employment benefits.

INTEREST RATE RISK

Interest rate risk is the risk that the value of investments will decline because of rising interest rates. The City's investments are held in mutual funds, common stock and group annuity contracts. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions.

CREDIT RISK

The City has no investment policy that would limit its investment choices due to credit risk other than the State Statutes governing investments in obligations of any State or political subdivision or in obligations to the State of Rhode Island or political subdivision. At June 30, 2020 the City had a diversified portfolio and was not deemed to be concentrated in any one investment category. The investments were in a wide range of companies and various industries enabling the City to minimize its risk.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of financial institution failure, the City's deposits and/or investments may not be returned. The City does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the City. The City also ensures that all deposits be placed in financial institutions that are FDIC insured.

FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 1 – Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity).
Level 3 Inputs include management’s own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

FIXED INCOME FUNDS

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. Individual bonds may be the best known type of fixed income security, but the category also includes bond funds, ETFs, CDs, and money market funds.

EQUITY FUNDS AND COMMON STOCK

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank’s primary external pricing vendors.

POOLED EQUITY INDEX FUNDS

A pooled equity fund is a mutual fund that invests principally in stocks. It can be actively or passively (index fund) managed. These funds are also known as pooled stock funds. Stock mutual funds are principally categorized according to company size, the investment style of the holdings in the portfolio and geography.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

POOLED FIXED INCOME INDEX FUNDS

A mutual fund is an investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.

Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in valuation methodology used in 2020.

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2020:				
Vanguard Mutual Funds	\$ 599,441	\$ --	\$ --	\$ 599,441
Investments at fair value	<u>\$ 599,441</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 599,441</u>

There was no transfers between any levels during the year ended June 30, 2020.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	<u>Balances</u> <u>July 1, 2019</u>	<u>Total</u> <u>Additions</u>	<u>Total</u> <u>Deductions</u>	<u>Balances</u> <u>June 30, 2020</u>
Capital Assets:				
Land (not being depreciated)	\$ 1,009,008	\$ --	\$ --	\$ 1,009,008
Construction in progress (not depreciated)	<u>1,090,025</u>	<u>1,774,993</u>	<u>--</u>	<u>2,865,018</u>
	2,099,033	1,774,993	--	3,874,026
Buildings and land improvements	47,357,519	637,353	--	47,994,872
Motor vehicles	4,441,150	--	--	4,441,150
Equipment	3,209,324	141,714	--	3,351,038
Infrastructure	<u>13,846,933</u>	<u>13,530</u>	<u>--</u>	<u>13,860,463</u>
Total Capital Assets	<u>70,953,959</u>	<u>2,567,590</u>	<u>--</u>	<u>73,521,549</u>
Less: Accumulated Depreciation				
Buildings and land improvements	(32,647,749)	(1,031,414)	--	(33,679,163)
Motor vehicles	(3,992,211)	(239,355)	--	(4,231,566)
Equipment	(2,332,401)	(596,764)	--	(2,929,165)
Infrastructure	<u>(12,013,349)</u>	<u>(180,977)</u>	<u>--</u>	<u>(12,194,326)</u>
Total Accumulated Depreciation	<u>(50,985,710)</u>	<u>(2,048,510)</u>	<u>--</u>	<u>(53,034,220)</u>
Net Capital Assets	<u>\$ 19,968,249</u>	<u>\$ 519,080</u>	<u>\$ --</u>	<u>\$ 20,487,329</u>

Depreciation expense was charged to the following functions/programs of the City:

Governmental activities:	
General government	\$ 368,284
Public safety	511,043
Public works	364,258
Public recreation	262,311
Public education	<u>542,614</u>
Total	<u>\$ 2,048,510</u>

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - UNEARNED REVENUE/UNAVAILABLE REVENUE

Governmental funds report deferred inflow of resources from unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2020, the various components of unearned revenue and unavailable revenue reported in the governmental funds and governmental activities were as follows:

General Fund	
Unearned revenue - advanced tax collections	<u>\$ 1,514,827</u>
Other Governmental Funds	
Unearned Revenue Grants	<u>\$ 214,426</u>

NOTE 6 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND OTHER DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Schedule of long-term debt by purpose is as follows:

	Amount	Percent
General obligation municipal bonds	\$ 4,970,000	13%
R.I. Health & Education Building Corporation (RIHEBC) revenue bonds	1,145,000	3%
R.I. Infrastructure Bank	1,500,000	4%
Net pension liability	27,665,319	72%
Net OPEB obligation	2,570,124	7%
Due to State	345,884	1%
Compensated absences	332,747	1%
 Total	 \$ 38,529,074	 100%

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Schedule of long-term bond requirements:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 779,000	\$ 322,781	\$ 1,101,781
2022	805,000	242,644	1,047,644
2023	836,000	252,039	1,088,039
2024	862,000	172,196	1,034,196
2025	894,000	136,796	1,030,796
Thereafter	<u>3,439,000</u>	<u>457,139</u>	<u>3,896,139</u>
Total	<u>\$ 7,615,000</u>	<u>\$ 1,583,595</u>	<u>\$ 9,198,595</u>

MAXIMUM AGGREGATE INDEBTEDNESS

The City's legal debt limit as set forth by Rhode Island General Law 45-12-2 is limited to three percent of total assessed property value. As of June 30, 2020, the City was in compliance with this limit.

DUE TO STATE

Due to State of \$345,884 at June 30, 2020 represents non-interest bearing amount due to the State of Rhode Island for receivership costs paid by the State. During fiscal 2013, legislation was passed by the State of Rhode Island allowing the City to repay the State over a period of time for these costs.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 - LONG-TERM DEBT (CONTINUED)

General long-term debt consists of the long-term liabilities that are not recorded as fund liabilities. Amounts are as follows:

	Date of Issue	Maturity Date	Amount of Issue	Interest Rate	Outstanding July 1, 2019	Additions	Deductions	Outstanding June 30, 2020	Current Portion
General obligation municipal bonds	10/1/2007	7/15/2027	\$ 8,700,000	4.0%-5.5%	\$ --	\$ --	\$ --	\$ --	\$ --
General obligation municipal bonds	7/25/2017	7/25/2027	\$ 5,435,000	3.04%	4,975,000		5,000	4,970,000	390,000
RIHEBC revenue bonds	12/12/2013	5/15/2020	\$ 5,510,000	2.58%	925,000		425,000	500,000	250,000
RIHEBC revenue bonds	8/15/2007	4/1/2027	\$ 1,300,000	4.25%-5.00%	715,000		70,000	645,000	75,000
RIHEBC revenue bonds	6/29/2010	5/5/2020	\$ 750,000	5.39%	80,000		80,000	-	--
RIHEBC revenue bonds	6/30/2010	5/5/2020	\$ 4,250,000	6.00%	470,000		470,000	-	--
Rhode Island Infrastructure Bank	5/2/2019	9/1/2038	\$ 1,500,000	1.37%-2.62%	1,500,000	--	--	1,500,000	64,000
Total bonds and leases					8,665,000	--	1,050,000	7,615,000	779,000
Accrued compensated absences					439,970	--	107,223	332,747	33,275
Net pension liability					27,798,470	--	133,151	27,665,319	
Net OPEB liability					2,531,302	38,822	--	2,570,124	
Due to State					945,884	--	600,000	345,884	345,884
Total long-term debt					\$ 40,380,626	\$ 38,822	\$ 1,890,374	\$ 38,529,074	\$ 1,158,159

Total interest paid on general long-term debt for the year ended June 30, 2020 was \$369,372.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - DUE FROM/DUE TO OTHER FUNDS AND OPERATIONAL AND/OR FUND DEFICITS

Interfund receivables and payables at June 30, 2020 were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 4,607,786	\$ 4,733,523
Retirees Supplemental Settlement Fund	80,545	--
Other Governmental Funds	<u>8,131,228</u>	<u>8,086,036</u>
	<u>\$ 12,819,559</u>	<u>\$ 12,819,559</u>

Inter-fund receivables and payables were eliminated in the government-wide financial statements.

The following funds had operational and/or fund deficits:

Fund Deficits will be mitigated either through additional outside funding or general fund appropriations.

	Operational	Fund Deficit
JAG Grant	\$ --	\$ --
CDBG 2015	\$ 29,125	\$ --
Planning Projects Fund	\$ 144,996	\$ --
Main Street Grant Fund	\$ 45,153	\$ --
Police State Forfeiture	\$ 20,702	\$ 38,726
RIGHA RI Foundation Grant	\$ 29,236	\$ --
Champs Grant	\$ 5	\$ 5
Historic Trust	\$ 8,687	\$ --
Emergency Equipment Replacement	\$ 127,275	\$ --
Mortgage Foreclosure Prevention	\$ 58,687	\$ --
Redevelopment Agency	\$ 17,437	\$ --

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - FUND BALANCES

Fund Balance within the government funds may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned.

At June 30, 2020, *Nonspendable Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Other Government Funds	Total
General Fund - cash escrow RIIB	\$ 1,299,025	\$ --	\$ --	\$ 1,299,025
Total Nonspendable Fund Balance	\$ 1,299,025	\$ --	\$ --	\$ 1,299,025

At June 30, 2020, *Restricted Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Other Government Funds	Total
Retirees Supplemental Settlement	\$ --	\$ 84,157	\$ --	\$ 84,157
Census 2020	--	--	--	--
JAG Grant	--	--	642	642
Recreation Summer Lunch Program	--	--	70,354	70,354
RI Department of Health	--	--	185,419	185,419
RI Foundation Grant	--	--	5,764	5,764
Police Federal Forfeiture	--	--	37,920	37,920
Police Seizures Escrow	--	--	2,948	2,948
Police Special Accounts	--	--	--	--
Renewable Energy	--	--	278,813	278,813
School Building Capital	--	--	100,332	100,332
Emergency Equipment Replacement	--	--	600	600
Recycling Account	--	--	8,142	8,142
Redevelopment Agency	--	--	207,901	207,901
Property Development	--	--	155,924	155,924
Historic Trust	--	--	5,965	5,965
Total Restricted Fund Balance	\$ --	\$ 84,157	\$ 1,060,724	\$ 1,144,881

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8 - FUND BALANCES (CONTINUED)

At June 30, 2020, *Committed Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Other Government Funds	Total
Capital reserves based on ordinance	\$ 2,225,321	\$ -	\$ -	\$ 2,225,321
Sixty-day property tax collections budgeted in subsequent fiscal year	<u>259,117</u>	<u>-</u>	<u>-</u>	<u>259,117</u>
Total Committed Fund Balance	<u>\$ 2,484,438</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,484,438</u>

At June 30, 2020 *Unassigned Fund Balance* consisted of the following:

	General Fund	Retirees Supplemental Settlement	Other Government Funds	Total
General Fund	<u>\$ (453,991)</u>	<u>\$ --</u>	<u>\$ (38,731)</u>	<u>\$ (492,722)</u>
Total Unassigned Fund Balance	<u>\$ (453,991)</u>	<u>\$ --</u>	<u>\$ (38,731)</u>	<u>\$ (492,722)</u>

NOTE 9 - PENSION PLANS

The City has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These changes enhance the Plan’s accounting and disclosure for the pension and expand the Required Supplemental Information (RSI) data with new schedules. These were issued to improve the financial reporting by state and local government pension plans. The following provides information required to be disclosed under GASB Statements No. 68 and 71.

The City contributes to two defined benefit pension plans – (a) The City of Central Falls Pension Plan, a single employer plan which is reported as a pension trust fund; and (b) the Municipal Employees’ Retirement System (MERS) – an agent multiple-employer defined benefit pension plan of the State of Rhode Island, which covers substantially all of the City’s employees except police officers and firefighters. The City also contributes to (c) TIAA-CREF and the Employees’ Retirement System of Rhode Island administered defined contribution plan, which covers certain municipal employees participating in MERS.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan

PLAN DESCRIPTION

All full-time non-civilian police and fire employees hired after July 1, 1972 are eligible and must participate in this pension plan administered formerly by John Hancock Financial Services until June 3, 2011 and currently administered by the City of Central Falls. The new plan, entitled the “City of Central Falls Pension Plan”, also consolidates all payments paid to former employees and beneficiaries who retired prior to July 1, 1972 under the “1% Plan”. The plan was restated effective August 1, 2011 and delineates the new pension benefits as well as disability and death benefits. Specifically, a member may retire and receive normal retirement benefits if they have accumulated 25 years of service and are at least 57 years of age. Members earn 2% of their final average base pay for the number of completed years and months of service up to a maximum of 25 years as of their normal retirement date and 1% of their final average base pay for each additional year of service after 25 years, up to a maximum of 30 years. The base pay includes regular wages, longevity payments and holiday pay. The final average base pay is the average of the participant’s base pay for the 5 consecutive years of the last 10 years of employment that produce the highest average. After retirement a participant’s pension benefit is increased annually by 2% (COLA), but the increases are not compounded. These cost of living adjustments are made effective July 1 following a participant’s retirement date and every July 1 thereafter. The following plan information was based on an actuarial valuations completed as of July 1, 2019.

In June 2019, the Rhode Island General Assembly authorized the Municipal Employees' Retirement System of the state of Rhode Island to administer the local Central Falls pension plan. As of August 31, 2019, the locally administered City of Central Falls Pension Plan for police and fire fighters was closed to new members.

Members of the Central Falls plan in active service as of August 31, 2019 would continue to be subject to the applicable retirement ages and restrictions, and accrue benefits on total service at the rates of the Central Falls plan pursuant to the collective bargaining agreements in effect on August 31, 2019 between Central Falls and the labor organizations representing members of the Central Falls plan. New employees hired on or after September 1, 2019 would be subject to all of the provisions of § 45-21.2, including all applicable disability provisions and benefits provided by §§ 36-10.3-4 and 45-21-52. As of January 1, 2020, all assets including the accumulated contributions of each member of the locally managed Central Falls Pension Plan were transferred to the Municipal Employees' Retirement System of the state of Rhode Island.

For the reporting as of June 30, 2020, the 2019 GASB 68 information was presented and no change in the pension liability or deferred inflows or outflows was included in this financial statement. Effective January 1, 2020 through June 30, 2020, the City contributed \$1,306,550 to the new MERS plan. This was after the measurement period and has been recorded as a deferred outflow in these financial statements.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

As of June 30, 2019, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	116
Inactive plan members entitled to but not yet receiving benefits	--
Active plan members	<u>68</u>
Total	<u>184</u>

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

Pension provisions include disability and death benefits. Upon the death of a retired police officer or firefighter, benefits to the spouse and children will be paid based upon the form of benefit the participant elected at the time of retirement.

INVESTMENT POLICY

The City invests in various types of investments, which are stated at fair value. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. The Administrative Financial Officer manages the investment portfolios and has full authority for the investment and reinvestment of trust fund assets. Separate plan financial statements are not issued.

For the year ended June 30, 2019 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 7.72 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the experience study dated July 1, 2019:

Actuarial cost method	Individual entry age normal method
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3% per year, including longevity and holiday pay
Investment rate of return	7.5%, net of investment management fees
Cost of living adjustments	2.0% per year without compounding

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

It is assumed that both pre-retirement and post retirement mortality are represented by the SOA RP-2014 IRS Static Mortality Table for males and females. Mortality for disabled members is represented by the SOA RP-2014 Disabled Mortality Table.

ASSUMED RATE OF RETURN AND TARGET ALLOCATION

The long-term expected rate of return best-estimate on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

ASSUMED RATE OF RETURN AND TARGET ALLOCATION (CONTINUED)

The assets held in the trust are invested as directed by the City. The target allocations and expected long-term (25 years) rates of return reflecting investment rate of return and inflation are shown in the following table:

	Target Allocation	Long-Term Rates of Return
Cash	0% - 10%	2.75%
Fixed Income - Investment Grade	90% - 100%	7.50%

DISCOUNT RATE

The Discount Rate of 7.50%, was selected based on a projection of employer and employee contributions, benefit payments, expenses and the long term expected rate of return on trust assets. Under bankruptcy agreement and state law, the city is required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2043. Based on these laws and 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.

CONTRIBUTIONS

Periodic employer contributions to the pension plan are determined on an actuarial basis using the entry age normal cost method. Employees of the City are required to contribute 9.5% of their gross earnings if they were an employee of the City prior to the new pension plan starting in December 2011. New members of the plan are required to contribute 10.5% of their gross earnings to the pension plan. For the year ended June 30, 2019, employee contributions were \$867,170. The City establishes employer contributions based on an actuarially determined contribution determined by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at an actuarially determined rate; the current rate is 62.26% of annual covered payroll. The employer contribution for the fiscal year ended June 30, 2019 was \$2,456,051

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

NET PENSION LIABILITY

The following presents the net pension liability of the system calculated using the discount rate of 7.50%, as well as the sensitivity of the net pension liability to changes in the discount rate and what the system's net pension liability would be if it were calculated using a discount rate that is 1-percentage lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 41,034,653	\$ 36,621,180	\$ 32,952,285
Plan Fiduciary Net Position	\$ 11,474,800	\$ 11,474,800	\$ 11,474,800
Net Pension Liability	\$ 29,559,853	\$ 25,146,380	\$ 21,477,485

The Plan Fiduciary Net Position as a percentage of the Total Pension Liability is 31.3%.

The components of the net position liability of the Retirement System were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2018	\$ 37,631,988	\$ 9,988,434 ▼	\$ 27,643,554
Service cost	264,073		264,073 ▲
Interest	2,740,977		2,740,977 ▲
Change in plan provisions			
Experience (gain) and loss	(1,266,759)		(1,266,759) ▲
Employer contributions		2,636,223	(2,636,223) ▲
Employee contributions		867,170	(867,170) ▲
Expenses		(71,470)	71,470 ▲
Change in assumptions			
Benefit payments	(2,749,099)	(2,749,099)	
Net investment income	--	803,542	(803,542) ▲
Net Changes	(1,010,808)	1,486,366	(2,497,174)
Balance as of June 30, 2019	\$ 36,621,180	\$ 11,474,800	\$ 25,146,380

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(a) City of Central Falls Pension Plan (Continued)

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

For the year ended June 30, 2019 the employer recognized pension expense of \$2,631,303. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in assumptions	\$ 1,529,338	\$ (2,150,878)
Contributions and proportionate share of contributions	--	(2,056,833)
Net asset (gain)	127,188	(141,524)
Differences between Expected and Actual Experience	700,992	(1,462,014)
Total	\$ 2,357,518	\$ (5,811,249)

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

Year Ending June 30	Net Deferred Inflows of Resources
2020	(2,481,518)
2021	(910,859)
2022	62,491
2023	(123,845)
Total	\$ (3,453,731)

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit 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 www.ersri.org

BENEFITS PROVIDED

General employees of 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.

KEY PLAN TERMS

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.

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.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

KEY PLAN TERMS (CONTINUED)

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.

RETIREMENT BENEFITS

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. 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.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

RETIREMENT BENEFITS (CONTINUED)

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 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.

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).

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

OTHER BENEFIT PROVISIONS (CONTINUED)

- 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 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, \$26,098 for 2017, \$26,290 for 2018, \$26,687 for 2019, \$27,184 for 2020 and \$27,608 for 2021.

EMPLOYEES COVERED BY BENEFIT TERMS

At the June 30, 2019 measurement date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not yet receiving benefits	72
Active plan members	<u>48</u>
Total	<u>153</u>

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 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. The City of Central Falls 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 City of Central Falls contributed \$294,325 in the year ended June 30, 2019 which was 14.36% of annual covered payroll.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

ACTUARIAL ASSUMPTIONS

The actuarial assumptions used in the June 30, 2018 valuation rolled forward to June 30, 2019 and the calculation of the total pension liability at June 30, 2019 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

Actuarial Cost	Individual entry age normal method
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 Years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
	3.5% to 7.5% for general employees per year and 4% to 14% for Police and Fire, including longevity and holiday pay
Salary increases	
Investment rate of return	7.50%, net of investment managements fees
	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation.
Retirement Age	
	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
Mortality	
	Females: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

*(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)*

ASSUMED RATE OF RETURN AND TARGET ALLOCATION

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	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity:		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Private Growth:		
Private Equity	11.25%	9.81%
Non-Core RE	2.25%	5.51%
OPP Private Credit	1.50%	9.81%
Income:		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
Crisis Protection Class:		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Inflation Protection:		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPs	1.00%	1.37%
Natural Resources	1.00%	3.76%
Volatility Protection:		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
Total	100.00%	

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

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 of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN THE NET POSITION LIABILITY (ASSET)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2018	\$ 7,752,217	\$ 5,100,127	\$ 2,652,090
Service Cost	125,414		125,414
Interest on the total pension liability	530,401		530,401
Difference between expected and actual experience	(149,167)		(149,167)
Employer contributions		294,806	(294,806)
Employee contributions		36,423	(36,423)
Net investment income		328,815	(328,815)
Other changes		(15,105)	15,105
Administrative expense		(5,140)	5,140
Benefit payments, including employee refunds	(475,542)	(475,542)	--
Net Changes	<u>31,106</u>	<u>164,257</u>	<u>(133,151)</u>
Balance as of June 30, 2019	<u>\$ 7,783,323</u>	<u>\$ 5,264,384</u>	<u>\$ 2,518,939</u>

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan (Continued)

SENSITIVITY OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' 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.

1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
\$ 3,346,425	\$ 2,518,939	\$ 1,841,613

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

***(b) Municipal Employees' Retirement System of Rhode Island (City) – Defined Benefit Plan
(Continued)***

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

For the year ended June 30, 2020 the employer recognized pension expense of \$463,101. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in Experience	\$ 117,148	\$ (311,260)
Differences in Assumptions	82,149	--
Excess (Deficit) Investment Returns	89,375	(100,214)
 Total	 \$ 288,672	 \$ (411,474)

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

Year Ending June 30	Net Deferred Inflows of Resources
2020	\$ 111,793
2021	(158,930)
2022	(69,260)
2023	(6,405)
 Total	 \$ (122,802)

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - PENSION PLANS (CONTINUED)

(c) TIAA-CREF and the Employees' Retirement System of Rhode Island - Defined Contribution Plan

DEFINED CONTRIBUTION PLAN DESCRIPTION

Certain employees participating in the defined benefit plan, as described above, may 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 5% of their annual covered salary and employers contribute 1% (see below) of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The City of Central Falls recognized pension expense of \$22,832, for the fiscal year ended June 30, 2020.

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

NOTE 10 - POST RETIREMENT BENEFITS

PLAN DESCRIPTION

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health insurance program. The City provides health care to retired police and firefighter employees and their spouses until the retiree reaches the age of 65. Retired employees are covered by the same plan as active employees and are subject to the same 20% co-share as actives. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2019, there are no separate financial statements available for the Plan.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

CLASSES OF EMPLOYEES COVERED

As of July 1, 2020 (the date of the last actuarial valuation), the membership data was as follows:

Retired and spouses	25
Active plan members	132
Total	<u>157</u>

BASIS OF ACCOUNTING

The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan.

VALUATION OF INVESTMENTS

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

FUNDING POLICY

The City's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Municipal retirees are required to contribute 20% of the health care cost between ages 62 to 65, and 100% of the premium prior to age 62. Retired police officers and firefighters may elect to be covered by the City's medical plan until age 65 and must pay 20% co-shares. Coverage reverts to COBRA for 36 months upon death of the member, or until the spouse reaches age 65, whichever occurs first. The annual OPEB cost was estimated from the July 1, 2017 actuarial valuation using the projected unit credit funding method. The actuarial assumptions included a 4.0% unfunded discount rate and the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 Improvements and RP 2000 Disabled Mortality Table.

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

NET OPEB LIABILITY

The City's net OPEB liability is calculated based on the annual required contribution of the employer and employees in accordance with the parameters of GASB Statement 74. The following table shows the components of the City's net OPEB liability for the year, the amount actually contributed to the plan, and changes in the City's net OPEB liability.

The components of the net OPEB liability of the City as of June 30, 2020 were as follows:

	OPEB Liability (a)	Increase (Decrease) Net Position Restricted for OPEB (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019	\$ 3,008,967	\$ 477,665	\$ 2,531,302
Service cost	66,451	--	66,451
Interest	225,808	--	225,808
Employer contributions	--	231,661	(231,661)
Experience gain	--	--	--
Expenses	--	(1,209)	1,209
Benefit payments	(131,661)	(131,661)	--
Net investment income	--	22,985	(22,985)
Net Changes	160,598	121,776	38,822
Balance as of June 30, 2020	\$ 3,169,565	\$ 599,441	\$ 2,570,124
Plan fiduciary net position as percentage of total OPEB liability		18.91%	

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Interest	Full Prefunding: 7.5%, net of investment expenses				
Actuarial Cost Method	Entry Age Normal				
Medical Care Inflation	<table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: left;">Year</td> <td style="text-align: left;">Inflation Rate</td> </tr> <tr> <td>2019+</td> <td>4.5%</td> </tr> </table>	Year	Inflation Rate	2019+	4.5%
Year	Inflation Rate				
2019+	4.5%				
Participation	70% of future retirees are assumed to participate in the retiree medical plan				
Marital Status	85% of male employees and 65% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.				
Termination Benefit	No benefits will be payable for terminations prior to retirement eligibility.				
Medical Plan Costs	The City is treated as community rated and therefore, the expected claims costs does not include the implicit subsidy. It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on 20% of current unadjusted rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.				
Pre-Age 65 Retirees	<p>Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65.</p> <p>Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65.</p>				
Post-Age 65 Retirees	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. It is assumed that all current retirees under 65 will participate in the same proportion as current retirees over 65. Per capital costs were developed from the City developed monthly costs. Amounts to be received in the future for Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.				
Mortality	It is assumed that both pre-retirement and post-retirement mortality are represented by the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 improvements, fully generational, for males and females. Mortality for disabled members is represented by the RP-2000 Disabled Mortality Table.				

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

DISCOUNT RATE

The City selected 7.5% as the long-term expectation of investment returns and the resulting discount rate is also 7.5%.

The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses, and the long-term expected rate of return on trust assets. Based on these laws and above assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current discount rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB Liability	\$ 3,576,927	\$ 3,169,565	\$ 2,830,406
Plan Fiduciary Net Position	<u>599,441</u>	<u>599,441</u>	<u>599,441</u>
Net OPEB Liability	<u>\$ 2,977,486</u>	<u>\$ 2,570,124</u>	<u>\$ 2,230,965</u>

CITY OF CENTRAL FALLS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - RISK MANAGEMENT

The City of Central Falls is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. 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. Under the participation agreement, the City is insured for a maximum of \$2,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past three fiscal years. There have been no reductions in insurance coverage during the year ended June 30, 2020.

NOTE 12 - TAX ABATEMENTS

The City enters into tax abatement agreements with local businesses under its *Economic Expansion Incentive Program*, under the City's Ordinance Section 2-332. Under the Program, the City has two plans.

The first program is the Job Creation Incentive Plan, is offered to any business operating within city limits that creates and/or adds a minimum of five new permanent full-time or full-time equivalent jobs will be eligible for tax exemptions for additional tangible personal property located at the business sites.

The second program is the Real Property Improvement Plan, which is offered to any property owner renovating or upgrading any property within the City where such renovations or upgrades, as approved by the building inspector, result in an increase in the assessed value of the structure, as determined by the tax assessor.

CITY OF CENTRAL FALLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 12 - TAX ABATEMENTS (CONTINUED)

For the fiscal year ended June 30, 2020, the City abated \$143,475 under this program, including the following tax abatement:

The City's individual tax abatement agreements include the following:

- A ten year property tax abatement was entered into in 2016 for the removal of an old run-down building and the building of a new retail establishment in the City. The abatement amounted to \$5,864 during FY2020.
- A ten year property tax abatement was entered into in 2016 to increase the number of jobs in the City and to completely renovate a rundown building in a high traffic area of the City. The abatement amounted to \$5,760 during FY2020.
- A ten year property tax abatement was entered into in 2017 for the renovation of a historic building and to expand the number of apartments in the City. The abatement is for a declining stabilization rate and amounted to \$98,312 during FY2020.
- A twelve year property tax abatement was entered into in 2019 to increase the number of jobs in the City. The abatement amounted to \$19,953 during FY2020.
- A twelve year property tax abatement was entered into in 2019 increase the number of jobs in the City. The abatement amounted to \$13,585 during FY2020.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CENTRAL FALLS

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GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Tax Revenue				
Tax revenue (current year)	15,035,226	\$ 14,403,304	15,085,147	\$ 681,843
Tax revenue (prior years)	500,000	\$ 599,764	963,038	363,274
Emergency Reserve Fund	(150,352)	--	--	--
Total Tax Revenue	<u>15,384,874</u>	<u>15,003,068</u>	<u>16,048,185</u>	<u>1,045,117</u>
Fees / Non-Tax Revenue				
Interest on taxes	282,166	282,166	261,484	(20,682)
VIN check fees	28,560	13,000	7,621	(5,379)
Probate fees	12,576	12,576	18,194	5,618
Realty Stamps	51,000	51,000	112,369	61,369
Real Estate Recordings	61,200	61,200	65,381	4,181
Licenses (other than marriage)	77,871	77,871	80,478	2,607
Certificates (vital records)	10,942	10,942	16,845	5,903
Marriage Licenses	965	965	1,256	291
Reports/copying fees	2,013	3,186	--	(3,186)
City Clerk miscellaneous fees	15,300	15,300	7,526	(7,774)
Fire code inspection fees/other fire permits	14,280	14,280	3,493	(10,787)
Alarm box fees & smoke detector certificates	28,241	36,030	33,100	(2,930)
Parks & Recreation Revenue	1,000	1,000	--	(1,000)
Rescue runs	330,000	330,000	382,645	52,645
Hazardous material permits	1,945	1,945	50	(1,895)
Building permits	52,000	40,000	41,704	1,704
Plumbing & mechanical permits	31,200	20,000	12,275	(7,725)
Electrical permits	16,320	18,768	26,418	7,650
Certificates of occupancy	5,100	5,100	4,000	(1,100)
CARE account revenue	23,970	--	--	--
Municipal Court Fees/Traffic Fines/Other Fines	165,000	165,000	162,643	(2,357)
Administrative and Other Fees	30,600	30,600	5,699	(24,901)
Vehicle Fees for Road Details	45,900	63,179	72,903	9,724
Code Court Fees	1,530	1,530	2,889	1,359
Property preservation revenue	10,200	10,200	8,811	(1,389)
Misc. departmental revenue	70,000	112,433	161,737	49,304
Local Pilot Revenue	71,275	71,275	83,607	12,332
Public works	10,537	20,000	20,572	572
Federal Revenue	--	--	--	--
Restitution	40	40	217	177
Total Fees / Non-Tax Revenue	<u>1,451,731</u>	<u>1,469,586</u>	<u>1,593,917</u>	<u>124,331</u>
State Revenue				
Motor Vehicle Phase out	910,126	1,077,011	1,077,011	--
Distressed Communities Aid	201,648	201,648	201,648	--
Public Service Corporation Tax/Telephone tax	244,423	244,423	244,455	32
Hotel/meals & beverage tax	147,771	147,771	137,360	(10,411)
School Housing Aid - Direct payment	598,695	598,695	598,696	1
School Housing Aid - RIHBEC reimbursement	--	--	--	--
Appropriation from State of RI-Receiver'ship Costs	400,000	400,000	600,000	200,000
Debt Service QSCB Subsidy	--	--	--	--
Non Profit Organizations	687	687	--	(687)
Miscellaneous state aid/grants	29,130	31,383	--	(31,383)
Total State Revenue	<u>2,532,480</u>	<u>2,701,618</u>	<u>2,859,170</u>	<u>157,552</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Income				
Tax Sales/Miscellaneous Other Revenue	78,659	78,659	736,107	657,448
Nuisance Task Force Revenue	45,000	22,500	--	(22,500)
Other financial sources	--	--	--	--
Total Other Income	<u>123,659</u>	<u>101,159</u>	<u>736,107</u>	<u>634,948</u>
TOTAL REVENUES	<u>19,492,744</u>	<u>19,275,431</u>	<u>21,237,379</u>	<u>1,961,948</u>
GENERAL GOVERNMENT				
City Executive Management				
Salaries	175,864	174,364	175,437	(1,073)
Social Security	11,179	11,179	11,235	(56)
Medicare	2,607	2,607	2,627	(20)
Municipal State Pension	25,893	25,893	23,699	2,194
TIAA-Cref	2,703	2,703	6,389	(3,686)
Medical Insurance	31,479	34,071	24,096	9,975
Dental Insurance	1,525	1,525	847	678
Supplies - Executive	1,000	1,000	4,947	(3,947)
Community Outreach	15,000	15,000	15,461	(461)
Professional Development & Training	6,000	6,000	4,106	1,894
Total City Executive Management	<u>273,250</u>	<u>274,342</u>	<u>268,844</u>	<u>5,498</u>
City Council				
Stipends	41,160	41,160	40,058	1,102
Total City Council	<u>41,160</u>	<u>41,160</u>	<u>40,058</u>	<u>1,102</u>
City Clerk				
Salaries	207,873	205,373	190,675	14,698
Overtime	--	--	220	(220)
Longevity	2,500	2,500	2,500	--
Social Security	13,301	13,301	11,435	1,866
Medicare	3,111	3,111	2,674	437
Municipal State Pension	30,807	30,807	25,230	5,577
TIAA Cref	3,218	3,218	7,300	(4,082)
Medical Insurance	41,659	45,090	34,025	11,065
Dental Insurance	2,141	2,141	1,763	378
Dues/subscriptions	500	500	1,063	(563)
Non-capital equipment	500	500	359	141
Claims/Settlement	18,000	18,000	11,612	6,388
Other professional services	33,000	33,000	34,408	(1,408)
Education & Training	1,000	1,000	950	50
Total City Clerk	<u>357,610</u>	<u>358,541</u>	<u>324,214</u>	<u>34,327</u>
Board of Canvassers				
Election workers	6,800	11,800	6,447	5,353
Total Board of Canvassers	<u>6,800</u>	<u>11,800</u>	<u>6,447</u>	<u>5,353</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Personnel				
Salaries	--	--	595	(595)
Social Security	--	--	28	(28)
Medicare	--	--	7	(7)
Medical Insurance	--	--	536	(536)
Dental Insurance	--	--	28	(28)
Workers Compensation	124,274	124,274	60,929	63,345
Other professional services	60,000	60,000	133,599	(73,599)
Education & training	5,500	5,500	2,988	2,512
Testing	14,000	14,000	3,663	10,337
Total Personnel	<u>203,774</u>	<u>203,774</u>	<u>202,373</u>	<u>1,401</u>
Legal				
Salaries	48,961	48,961	49,569	(608)
Social Security	3,096	3,096	2,847	249
Medicare	724	724	666	58
Municipal State Pension	7,171	7,171	6,499	672
TIAA Cref	749	749	1,776	(1,027)
Medical Insurance	17,280	18,703	13,826	4,877
Dental Insurance	919	919	744	175
Legal contingencies	25,000	25,000	24,413	587
Nuisance Task Force Expenses		--		--
Other professional services	169,740	169,740	140,134	29,606
Total Legal	<u>273,640</u>	<u>275,063</u>	<u>240,474</u>	<u>34,589</u>
Tax Assessor				
Salaries	39,353	39,353	40,476	(1,123)
Overtime			690	(690)
Longevity Pay	--	--	--	--
Sick Incentive Pay	--	--	483	
Social Security	2,489	2,489	2,397	92
Medicare	582	582	561	21
Municipal State Pension	5,764	5,764	5,281	483
TIAA Cref	602	602	1,446	(844)
Medical Insurance	7,099	7,684	11,324	(3,640)
Dental Insurance	303	303	593	(290)
Dues/subscriptions	2,500	2,500	455	2,045
Other professional services	60,000	130,000	132,745	(2,745)
Revaluation services	25,000	(45,648)	(45,648)	--
Total Tax Assessor	<u>143,692</u>	<u>143,629</u>	<u>150,803</u>	<u>(6,691)</u>

CITY OF CENTRAL FALLS

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GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Finance				
Salaries	344,295	334,295	313,598	20,697
Overtime	--	--	18,047	(18,047)
Longevity Pay	6,500	6,500	6,000	500
Sick incentive pay	622	622	644	(22)
Grant Writer	--	--	38,945	(38,945)
Social Security	19,769	19,769	21,147	(1,378)
Medicare	4,623	4,623	4,946	(323)
Municipal State Pension	45,787	45,787	39,458	6,329
TIAA Cref	4,783	4,783	10,899	(6,116)
Medical Insurance	58,940	63,794	39,132	24,662
Dental Insurance	2,749	2,749	1,769	980
Postage	20,000	20,000	9,253	10,747
Non-capital equipment	2,000	2,000	1,231	769
Bank fees	2,500	2,500	(1,930)	4,430
Accounting/auditing	70,000	70,000	80,333	(10,333)
Other professional services	75,000	277,643	356,158	(78,515)
Education & training	8,000	7,000	4,283	2,717
Total Finance	<u>665,568</u>	<u>862,065</u>	<u>943,913</u>	<u>(81,848)</u>
City Property				
Office supplies	10,000	10,000	8,560	1,440
Other supplies	5,000	5,000	4,240	760
Janitorial Supplies	2,250	2,250	1,828	422
Dues/Subscriptions	11,866	11,866	12,131	(265)
Non-capital equipment	10,500	10,500	17,282	(6,782)
Advertising	18,500	18,500	20,226	(1,726)
IT Consulting services	86,000	86,000	91,127	(5,127)
R&M Contracts - City Buildings	121,547	121,547	93,815	27,732
General liability insurance	240,000	250,000	250,731	(731)
Capital Expenditures-City Property	--	--	990	(990)
Miscellaneous expense - City Proper	7,000	5,438	69,889	(64,451)
Heating Fuel-Other City Buildings	45,000	45,000	64,122	(19,122)
Street lights - City property	--	(17,250)	--	(17,250)
Telephone Other City Buildings	43,000	43,000	54,817	(11,817)
Repairs/Maint.-Other City Buildings	25,000	25,000	14,032	10,968
Water/Sewer-Other City Buildings	61,003	66,530	121,182	(54,652)
Electric-Other City Buildings	80,000	80,000	82,607	(2,607)
Custodial Services - Other City Buildings	--	--	--	--
Hydrants	110,000	110,000	129,549	(19,549)
Sewer/ NBC	3,500	3,500	8,415	(4,915)
Street lights	103,000	109,000	7,898	101,102
Total City Property	<u>983,166</u>	<u>985,881</u>	<u>1,053,441</u>	<u>(67,560)</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
City Boards				
Pension board	675	675	338	337
Personnel board	675	675	563	112
Purchasing board	675	675	675	--
Appeals board	900	900	788	112
Planning board	1,125	1,125	900	225
Zoning board	1,750	1,750	1,750	--
Canvassers board	2,100	2,100	1,750	350
Housing authority board	2,750	2,750	2,613	137
Total City Boards	<u>10,650</u>	<u>10,650</u>	<u>9,377</u>	<u>1,273</u>
TOTAL GENERAL GOVERNMENT	<u>2,959,310</u>	<u>3,166,905</u>	<u>3,239,944</u>	<u>(73,039)</u>
PUBLIC SAFETY				
Police Department				
Salaries	2,356,840	2,152,500	2,114,000	38,500
Police trainee wages	8,160	72,438	73,388	(950)
Overtime	168,000	245,000	251,127	(6,127)
Community Policing Overtime	15,000	15,000	12,879	2,121
Special Investigations Overtime	25,500	20,000	32,298	(12,298)
K-9	7,000	6,000	7,579	(1,579)
Holiday pay	150,364	123,024	121,805	1,219
Longevity pay	92,000	92,000	99,360	(7,360)
Detective Stipends	7,956	7,956	7,898	58
Sick Incentive Pay	8,000	5,416	5,416	
Clothing/tool allowances	38,760	48,380	48,407	(27)
Police education stipend	15,300	11,500	11,500	--
Police Social Security	1,600	8,520	4,127	4,393
Police Medicare	36,274	48,580	47,916	664
TIAA-Cref - Police	--	--	4,289	(4,289)
Pension MERS New Hires Group 1054	--	1,764	706	1,058
Pension MERS Legacy Group 1055	--	--	--	--
Police Medical Insurance	422,758	457,573	401,930	55,643
Police Dental Insurance	26,317	26,317	18,166	8,151
Injuries/Medical (Work Related Injuries)	29,525	--	--	--
Office supplies	4,000	4,000	3,801	199
Other supplies	8,200	6,200	6,719	(519)
Vehicle fuel	60,000	55,027	54,959	68
Dues/Subscriptions	825	825	140	685
Detective supplies	5,000	5,000	4,035	965
Non-capital equipment	5,000	5,000	(47,542)	52,542
General R & M	12,000	12,000	12,607	(607)
Vehicle R & M	25,000	25,000	45,297	(20,297)
Other professional services	95,000	95,000	96,032	(1,032)
Finger printing	2,260	2,260	2,560	(300)
Education & training	20,400	17,100	12,449	4,651
College tuitions	35,700	25,700	41,483	(15,783)
Capital expenditures - police	--	--	61,981	(61,981)
Salaries (Animal control)	39,572	39,572	40,066	(494)
Overtime (Animal control)	1,224	1,224	195	1,029
Longevity pay (Animal Control)	1,500	1,500	1,500	--

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Police Department (Continued)				
Sick Incentive Pay (Animal control)	--	--	448	(448)
Clothing/tool allowance (Animal control)	357	357	350	7
Social Security (Animal control)	2,596	2,596	2,554	42
Medicare (Animal control)	607	607	597	10
Municipal State Pension (Animal control)	6,012	6,012	5,450	562
TIAA-Cref - Animal Control	628	628	1,450	(822)
Medical Insurance (Animal control)	7,099	7,684	5,676	2,008
Dental Insurance (Animal control)	303	303	245	58
Boarding of animals (Animal control)	3,000	3,000	2,786	214
Clerk & IT Salaries	88,867	88,867	87,030	1,837
Clerk & IT Overtime	1,000	3,600	6,306	(2,706)
Clerk & IT Longevity Pay	5,000	5,000	5,000	--
Clerk & IT Sick Incentive Pay	574	574	575	(1)
Clothing/tool allowances civilian	357	357	350	7
Clerk & IT Social Security	5,930	5,930	5,702	228
Clerk & IT Medicare	1,387	1,387	1,334	53
Municipal State Pension (Civilian Staff)	13,735	13,735	12,066	1,669
TIAA-Cref - Civilian	1,435	1,435	1,525	(90)
Clerk & IT Medical Insurance	34,560	37,406	27,651	9,755
Clerk & IT Dental Insurance	1,838	1,838	1,488	350
Dispatcher Salaries	256,932	201,850	197,996	3,854
Dispatcher & Clerk Overtime	40,000	57,800	72,758	(14,958)
Dispatcher Holiday Pay	16,379	11,027	11,027	--
Dispatchers Longevity	--	6,500	6,500	--
Dispatchers Sick Incentive Pay	499	499	499	--
Dispatcher clothing/tool allowances	2,142	2,142	1,750	392
Dispatcher Social Security	16,744	16,744	16,779	(35)
Dispatchers Medicare	3,916	3,916	3,924	(8)
Municipal State Pension (Dispatch)	38,782	27,244	28,446	(1,202)
TIAA-Cref - Dispatch	4,051	4,051	7,992	(3,941)
Dispatcher & Clerk Medical Insurance	73,138	79,161	37,474	41,687
Dispatcher & Clerk Dental Insurance	3,050	3,050	1,528	1,522
Public Safety Dispatcher Shared Equip R&M	5,000	3,500	4,958	(1,458)
Total Police Department	<u>4,360,953</u>	<u>4,236,176</u>	<u>4,159,287</u>	<u>76,889</u>
Fire Department				
Salaries-Fire	2,409,292	2,347,345	2,348,531	(1,186)
Fire Trainee Wages	11,016	--	11,615	(11,615)
Stipend	7,426	7,426	--	7,426
Overtime-Fire	165,000	265,000	318,432	(53,432)
Holiday pay-Fire	147,154	138,921	138,921	--
Longevity pay-Fire	71,000	72,500	73,500	(1,000)
Out of rank pay	13,974	12,974	8,977	3,997
Mechanic pay	6,936	--	7,091	(7,091)
Rescue pay	15,000	15,000	14,662	338
Sick incentive pay -Fire	7,956	6,043	6,043	--
Clothing/tool allowance-Fire	41,820	39,000	39,000	--
Social Security-Fire	2,345	2,345	2,675	(330)
Medicare-Fire	36,663	36,663	40,735	(4,072)
Municipal State Pension-Fire Clerk	5,431	5,431	4,923	508
TIAA-Cref - Fire Clerk	567	567	2,798	(2,231)

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Fire Department (Continued)				
Medical Insurance-Fire	527,375	570,806	576,840	(6,034)
Dental Insurance-Fire	28,751	28,751	25,046	3,705
Injuries/Medical (Work Related Injuries)-Fire	47,235	--	--	--
Other supplies-Fire	20,400	20,400	20,199	201
Vehicle fuel-Fire	19,000	26,000	25,993	7
Dues/subscriptions-Fire	1,500	1,500	1,215	285
Non-capital equipment-Fire	6,120	6,120	3,318	2,802
Fire Fighter Equipment	23,000	23,000	37,863	(14,863)
General R & M-Fire	15,000	15,000	15,914	(914)
Vehicle R & M-Fire	40,000	60,000	57,615	2,385
Education & training-Fire	25,000	25,000	19,944	5,056
College tuitions-Fire	5,000	5,000	3,545	1,455
Capital Expenditures - Fire	--	6,000	6,000	--
Other professional services-Fire	32,000	32,000	84,439	(52,439)
EMA Service	25,000	25,000	--	25,000
Salaries-Fire Dispatch	139,776	--	147,013	(147,013)
Social Security-Fire Dispatch	8,666	--	9,115	(9,115)
Medicare-Fire Dispatch	2,026	--	2,131	(2,131)
Fire Dispatch-Shared Equip Repair	1,000	1,000	600	400
Total Fire Department	<u>3,908,429</u>	<u>3,794,792</u>	<u>4,054,693</u>	<u>(259,901)</u>
Office of Health				
Salaries/Wages - Office of Health	46,800	46,800	52,381	(5,581)
Social Security - Office Of Health	2,960	2,960	2,712	248
Medicare- Office of Health	692	692	634	58
Municipal State Pension- Office of	6,855	6,855	6,212	643
TIAA-Cref- Office of Health	716	716	1,698	(982)
Medical Insurance - Office Of Health	17,280	18,703	(33,456)	52,159
Dental Insurance- Office of Health	919	919	382	537
Other Professional Services	16,797	16,797	10,487	6,310
Total Office of Health	<u>93,019</u>	<u>94,442</u>	<u>41,050</u>	<u>53,392</u>
Municipal Court				
Salaries - Municipal	44,434	44,434	44,989	(555)
Overtime - Municipal	1,530	1,530	1,522	8
Court Security	510	510	157	353
Longevity Pay	2,500	2,500	2,500	--
Sick Incentive Pay	520	520	--	520
Social Security	2,965	2,965	2,813	152
Medicare	693	693	658	35
Municipal State Pension	6,867	6,867	6,226	641
TIAA-Cref - Municipal Court	717	717	2,046	(1,329)
Medical Insurance	17,280	18,703	13,826	4,877
Dental Insurance	919	919	744	175
Office supplies	2,000	2,000	5,938	(3,938)
Municipal Court Judge	28,000	28,000	28,000	--
Housing Court Judge	12,000	12,000	12,000	--
Probate Court Judge	12,000	12,000	12,000	--
Total Municipal Court	<u>132,935</u>	<u>134,358</u>	<u>133,419</u>	<u>939</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Inspection Officers				
Plumbing officer	5,200	5,200	5,200	--
Electrical inspector	5,200	5,200	5,200	--
Total Inspection Officers	<u>10,400</u>	<u>10,400</u>	<u>10,400</u>	<u>--</u>
TOTAL PUBLIC SAFETY	<u>8,505,736</u>	<u>8,270,168</u>	<u>8,398,849</u>	<u>(182,073)</u>
PUBLIC WORKS				
Highway Department				
Salaries-DPW/Code	617,125	617,125	573,695	43,430
Overtime-DPW/Code	50,000	50,000	42,718	7,282
Longevity pay-DPW/Code	18,000	18,000	16,000	2,000
Sick Incentive Pay-DPW/Code	563	563	552	11
Clothing/tool allowance-DPW/Code	2,856	2,856	5,300	(2,444)
Backhoe Lic	800	800	--	800
Social Security-DPW/Code	40,143	40,143	39,615	528
Medicare-DPW/Code	9,388	9,388	9,265	123
Municipal State Pension-DPW/Code	85,653	85,653	72,569	13,084
TIAA-Cref - DPW/Code	8,947	8,947	17,857	(8,910)
Medical Insurance-DPW/Code	138,241	149,626	94,949	54,677
Dental Insurance-DPW/Code	7,352	7,352	5,365	1,987
Other supplies-DPW/Code	17,500	17,500	6,919	10,581
Other Professional Services-DPW/Code	35,000	26,500	36,727	(10,227)
Education & training-DPW/Code	1,000	3,000	2,754	246
Property protection-DPW/Code	1,000	--	--	--
Vehicle Fuel-DPW/Code	20,000	20,000	11,475	8,525
Non-capital equipment-DPW/Code	6,000	6,000	4,269	1,731
Winter road supplies-DPW/Code	40,000	35,000	14,321	20,679
General R & M-DPW/Code	12,500	12,500	11,298	1,202
Vehicle R & M-DPW/Code	50,000	60,000	44,302	15,698
DPW Building R&M-DPW/Code	2,000	2,000	1,950	50
Road R & M-DPW/Code	25,000	88,000	71,662	16,338
Traffic Signal R & M-DPW/Code	6,000	4,000	2,147	1,853
Capital Expenditures-DPW/Code	--	--	228,475	(228,475)
Misc. Highway-DPW/Code	<u>1,500</u>	<u>500</u>	<u>906</u>	<u>(406)</u>
Total Highway Department	<u>1,196,568</u>	<u>1,265,453</u>	<u>1,315,090</u>	<u>(49,637)</u>
Public Works				
Solid waste removal/disposal	280,000	280,000	264,594	15,406
Trash Removal/Recycling	<u>689,265</u>	<u>689,265</u>	<u>689,265</u>	<u>--</u>
Total Public Works	<u>969,265</u>	<u>969,265</u>	<u>953,859</u>	<u>15,406</u>
TOTAL PUBLIC WORKS	<u>2,165,833</u>	<u>2,234,718</u>	<u>2,268,949</u>	<u>(34,231)</u>
PUBLIC EDUCATION				
Library				
City Contribution	118,825	118,825	75,401	43,424
State Library Grant-In-Aid	<u>31,384</u>	<u>31,384</u>	<u>50,000</u>	<u>(18,616)</u>
TOTAL PUBLIC EDUCATION	<u>150,209</u>	<u>150,209</u>	<u>125,401</u>	<u>24,808</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PUBLIC RECREATION				
Parks, Recreation And Community Service				
Salaries	95,635	95,635	96,321	(686)
Temporary Salary	19,597	19,597	13,564	6,033
Stipends	15,000	15,000	11,775	3,225
Grant Writer	--	--	(825)	825
Street Beautification Workers	40,300	40,300	41,123	(823)
Social Security	10,827	10,827	11,293	(466)
Medicare	2,532	2,532	2,641	(109)
Municipal State Pension	19,584	19,584	13,118	6,466
TIAA-Cref - Parks/Recreation	2,046	2,046	3,498	(1,452)
Medical Insurance	14,199	15,367	11,353	4,014
Dental Insurance	606	606	490	116
Salaries-Afterschool	55,798	5,798	8,891	(3,093)
Social Security-Afterschool Program	3,459	3,459	620	2,839
Medicare-Afterschool Program	809	809	145	664
Municipal State Pension - Afterschool Program	--	--	--	--
Elderly Program	20,000	20,000	--	20,000
TIAA-Cref - Afterschool Program	--	--	--	--
Other supplies	10,000	10,000	8,865	1,135
General R & M	15,300	15,300	24,844	(9,544)
Other professional services	5,000	5,000	4,405	595
Public events & activities	50,000	43,500	17,432	26,068
Education and Training	2,000	2,000	--	2,000
Misc. recreation	250	250	21,636	(21,386)
Total Parks, Recreation and Community Service	382,942	327,610	291,189	36,421
Planning				
Salaries	267,443	265,443	212,463	52,980
Social Security	17,452	17,452	15,886	1,566
Medicare	4,082	4,082	3,715	367
Municipal State Pension	40,422	40,422	34,158	6,264
TIAA-Cref - Planning	4,222	4,222	6,711	(2,489)
Medical Insurance	48,759	52,774	23,796	28,978
Dental Insurance	2,444	2,444	1,003	1,441
Other supplies	5,000	2,000	718	1,282
Education/Training	10,000	9,000	3,205	5,795
Capital expenditures	--	--	14,375	(14,375)
Other Professional Services	40,000	33,500	13,039	20,461
Total Planning	439,824	431,339	329,069	102,270
TOTAL PUBLIC RECREATION	822,766	758,949	620,258	138,691
CITY DEBT SERVICE				
Bond principal	1,050,000	1,067,900	1,050,000	17,900
Bond interest	245,438	245,438	237,985	7,453
Lease purchase/debt restructure	127,000	127,000	--	127,000
Other debt fees	30,000	32,635	51,771	(19,136)
TOTAL CITY DEBT SERVICE	1,452,438	1,472,973	1,339,756	133,217

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CONTINGENCY				
General contingencies	--	--	4,005	(4,005)
TOTAL CONTINGENCY	<u>--</u>	<u>--</u>	<u>4,005</u>	<u>(4,005)</u>
SPECIAL PROJECTS	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
COVID-19				
Salaries	--	--	20,400	(20,400)
Overtime	--	--	90,348	(90,348)
Social Security	--	--	1,190	(1,190)
Medicare	--	--	1,564	(1,564)
Other supplies	--	--	(11,587)	11,587
Other professional services	--	--	104,239	(104,239)
Miscellaneous expense	--	--	8,871	(8,871)
TOTAL COVID-19	<u>--</u>	<u>--</u>	<u>215,025</u>	<u>(215,025)</u>
OTHER CITY GOVERNMENT				
Compensated absences	56,892	56,892	(26,630)	83,522
Unemployment compensation	10,000	5,000	4,138	862
Group Life	11,000	11,000	10,114	886
Medical insurance	15,000	5,000	97,961	(92,961)
OPEB	100,000	100,000	100,000	--
HRA - Health Reimbursement	75,000	75,000	64,891	10,109
Repayment to State of RI - Receivership Costs	400,000	400,000	600,000	(200,000)
School Building Expenses	177,000	120,000	94,171	25,829
TOTAL OTHER CITY GOVERNMENT	<u>844,892</u>	<u>772,892</u>	<u>944,645</u>	<u>(171,753)</u>
RESERVE				
0.59% of total budget	--	--	--	--
TOTAL RESERVE	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
RETIREMENT				
Police retirement- Public Safety Pension	97,325	--	--	--
Fire retirement - Public Safety Pension	97,325	--	--	--
Public Pension - JH Other Paygo	2,396,910	2,448,617	2,456,051	(7,434)
TOTAL RETIREMENT	<u>2,591,560</u>	<u>2,448,617</u>	<u>2,456,051</u>	<u>(7,434)</u>
TOTAL EXPENDITURES	<u>19,492,744</u>	<u>19,275,431</u>	<u>19,612,883</u>	<u>(175,819)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
OTHER USES - BUDGETARY BASIS	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,624,496</u>	<u>\$ 1,624,496</u>

CITY OF CENTRAL FALLS

D-3

BUDGETARY AND LEGAL COMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2020

The General Fund's reconciliation between the budgetary basis and modified accrual (GAAP) basis of accounting is as follows:

Total budgetary revenues and other financing sources	\$	21,237,379
Safety committee revenue, not part of budget		1,500
Interest and investment income, not part of budget		14,122
Reclassification of:		
Property tax revenue- sixty day rule		259,117
Prior years property tax revenue - sixty day rule		(295,706)
Total revenues and other financing source as reported in the Statement of Revenues, Other Financing Sources, Expenditures Other Financing Uses and Changes in Fund Balances - Governmental Funds		<u>21,216,412</u>
Transfer in from govt funds, not part of budget		<u>30</u>
Total GAAP revenues and other financing sources		<u><u>21,216,442</u></u>
Total budgetary expenditures and other financing uses	\$	19,612,883
Safety committee and Census expenditures, not part of budget		3,001
Total expenditures and other financing source as reported in the Statement of Revenues, Other Financing Sources, Expenditures Other Financing Uses and Changes in Fund Balances - Governmental Funds		<u>19,615,884</u>
Transfer out to govt funds, not part of budget		<u>432,129</u>
Total GAAP expenditures and other financing uses	\$	<u><u>20,048,013</u></u>

CITY OF CENTRAL FALLS

D-4

GENERAL FUND EXCESS OF EXPENDITURES OVER APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2020

For the year ended June 30, 2020, expenditures exceeded budget at the department level as follows:

Department	Excess
Tax Assessor	\$ (6,691)
Finance	\$ (81,848)
Fire Department	\$ (259,901)
Highway Department	\$ (49,637)
Contingency	\$ (4,005)
COVID-19	\$ (215,025)
Other City Government	\$ (171,753)
Retirement	\$ (7,434)

CITY OF CENTRAL FALLS

SCHEDULE OF CHANGES IN CITY OF CENTRAL FALLS

D-5

NET PENSION LIABILITY AND RELATED RATIOS
MERS-3004
LAST FIVE FISCAL YEARS

	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
A. Total pension liability						
1. Service Cost	\$ 125,414	\$ 137,303	\$ 127,458	\$ 116,360	\$ 105,194	\$ 112,984
2. Interest on the Total Pension Liability	530,401	540,961	505,170	500,546	514,938	510,493
3. Changes of benefit terms	--	--	--	--	(12,537)	--
4. Difference between expected and actual experience of the Total Pension Liability	(149,167)	(363,438)	491,539	(2,161)	(254,173)	--
5. Changes of assumptions	--	--	344,688	--	--	(24,723)
6. Benefit payments, including refunds of employee contributions	(475,542)	(443,944)	(518,780)	(598,500)	(503,299)	(567,898)
7. Net change in total pension liability	31,106	(129,118)	950,075	16,245	(149,877)	30,856
8. Total pension liability – beginning	7,752,217	7,881,335	6,931,260	6,915,015	7,064,892	7,034,036
9. Total pension liability – ending (a)	\$ 7,783,323	\$ 7,752,217	\$ 7,881,335	\$ 6,931,260	\$ 6,915,015	\$ 7,064,892
B. Plan fiduciary net position						
1. Contributions – employer	\$ 294,806	\$ 275,704	\$ 287,795	\$ 269,399	\$ 266,285	\$ 162,612
2. Contributions – employee	36,423	39,609	39,027	35,604	18,326	16,471
3. Net investment income	328,815	381,632	515,888	(1,594)	114,533	665,429
4. Benefit payments, including refunds of employee contributions	(475,542)	(443,944)	(518,780)	(598,500)	(503,299)	(567,898)
5. Pension Plan Administrative Expense	(5,140)	(5,080)	(53,622)	(4,288)	(4,621)	(4,167)
6. Other	(15,105)	(5,655)	(4,874)	4,596	(146)	(28,883)
7. Net change in plan fiduciary net position	164,257	242,266	265,434	(294,783)	(108,922)	243,564
8. Plan fiduciary net position – beginning	5,100,127	4,857,861	4,592,427	4,887,210	4,996,132	4,752,568
9. Plan fiduciary net position – ending (b)	\$ 5,264,384	\$ 5,100,127	\$ 4,857,861	\$ 4,592,427	\$ 4,887,210	\$ 4,996,132
C. Net pension liability - ending (a) - (b)	\$ 2,518,939	\$ 2,652,090	\$ 3,023,474	\$ 2,338,833	\$ 2,027,805	\$ 2,068,760
D. Plan fiduciary net position as a percentage of the total pension liability	67.64%	65.79%	61.64%	66.26%	70.68%	70.72%
E. Covered employee payroll	\$ 2,055,974	\$ 2,189,847	\$ 2,134,978	\$ 1,972,211	\$ 1,832,653	\$ 1,647,003
F. Net pension liability as a percentage of covered payroll	122.52%	121.11%	141.62%	118.59%	110.65%	125.61%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS

SCHEDULE OF CHANGES IN THE CITY OF CENTRAL FALLS

D-6

NET PENSION LIABILITY AND RELATED RATIOS
CITY PLAN
LAST FIVE FISCAL YEARS

	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
A. Total pension liability					
1. Service Cost	\$ 264,073	\$ 625,895	\$ 604,729	\$ 782,937	\$ 451,646
2. Interest on Liability and Service Cost	2,740,977	2,548,469	2,423,750	2,359,718	2,455,649
3. Change in Plan Provisions	--	1,247,670	--	--	--
4. Experience (Gain) and Loss	(1,266,759)	1,068,464	(376,824)	(1,003,524)	411,659
5. Changes of Assumptions	--	--	1,362,628	(7,182,170)	8,108,455
6. Benefit Payments	(2,749,099)	(2,381,347)	(2,364,040)	(2,275,505)	(2,317,773)
7. Interest on Benefit Payments	--	--	--	(64,506)	(88,138)
8. Net change in total pension liability	(1,010,808)	3,109,151	1,650,243	(7,383,050)	9,021,498
9. Total pension liability – beginning	37,631,988	34,522,837	32,872,594	40,255,644	31,234,146
10. Total pension liability – ending (a)	\$ 36,621,180	\$ 37,631,988	\$ 34,522,837	\$ 32,872,594	\$ 40,255,644
B. Plan fiduciary net position					
1. Contributions – employer	\$ 2,636,223	\$ 2,276,371	\$ 2,423,009	\$ 2,404,956	\$ 2,412,068
2. Contributions – employee	867,170	503,146	439,546	455,617	410,224
3. Other Payments	--	--	--	--	--
4. Benefit Payments	(2,749,099)	(2,381,347)	(2,364,040)	(2,275,504)	(2,317,773)
5. Expenses	(71,470)	(67,953)	(62,664)	(18,992)	(19,312)
6. Investment Income	803,552	487,949	789,169	678,721	(176,495)
7. Net change in plan fiduciary net position	1,486,376	818,166	1,225,020	1,244,798	308,712
8. Plan fiduciary net position – beginning	9,988,424	9,170,268	7,945,248	6,700,450	6,391,738
9. Plan fiduciary net position – ending (b)	\$ 11,474,800	\$ 9,988,434	\$ 9,170,268	\$ 7,945,248	\$ 6,700,450
C. Net pension liability - ending (a) - (b)	\$ 25,146,380	\$ 27,643,554	\$ 25,352,569	\$ 24,927,346	\$ 33,555,194
D. Plan fiduciary net position as a percentage of the total pension liability	31.33%	26.54%	26.56%	24.17%	16.64%
E. Covered employee payroll	\$ 4,152,699	\$ 4,684,587	\$ 4,717,866	\$ 4,777,056	\$ 4,482,450
F. Net pension liability as a percentage of covered payroll	605.54%	590.10%	537.37%	521.81%	748.59%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS

D-7

**SCHEDULE OF INVESTMENT RETURNS
CITY PLAN**

LAST FIVE FISCAL YEARS

	2019	2018	2017	2016	2015
Annual money-weighted rate of return net of investment expense	7.72%	5.33%	9.75%	9.97%	2.68%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS

D-8

SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM-3004
LAST FIVE FISCAL YEARS

	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Actuarially determined contribution	\$ 294,806	\$ 275,704	\$ 287,795	\$ 269,399	\$ 266,285	\$ 162,612
Contributions in relation to the actuarially determined contribution	<u>294,806</u>	<u>275,704</u>	<u>287,795</u>	<u>269,399</u>	<u>266,285</u>	<u>162,612</u>
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered-employee payroll	<u>\$ 2,055,974</u>	<u>\$ 2,189,847</u>	<u>\$ 2,134,978</u>	<u>\$ 1,972,211</u>	<u>\$ 1,832,653</u>	<u>\$ 1,647,003</u>
Contributions as a percentage of covered-employee payroll	14.34%	12.59%	13.48%	13.66%	14.53%	9.87%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CENTRAL FALLS

D-9

**SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
CITY PLAN
LAST EIGHT FISCAL YEARS**

	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Fiscal 2013</u>	<u>Fiscal 2012</u>
Actuarially determined contribution	\$ 2,585,270	\$ 2,513,311	\$ 2,441,365	\$ 2,335,487	\$ 2,227,079	\$ 2,006,770	\$ 2,014,476	\$ 2,030,996
Contributions in relation to the actuarially determined contribution	<u>2,636,223</u>	<u>2,276,371</u>	<u>2,423,009</u>	<u>2,451,749</u>	<u>2,412,068</u>	<u>2,328,947</u>	<u>2,309,325</u>	<u>2,547,562</u>
Contribution deficiency (excess)	<u>\$ (50,953)</u>	<u>\$ 236,940</u>	<u>\$ 18,356</u>	<u>\$ (116,262)</u>	<u>\$ (184,989)</u>	<u>\$ (322,177)</u>	<u>\$ (294,849)</u>	<u>\$ (516,566)</u>
Covered-employee payroll	<u>\$ 4,152,699</u>	<u>\$ 4,684,587</u>	<u>\$ 4,717,866</u>	<u>\$ 4,777,056</u>	<u>\$ 4,482,450</u>	<u>\$ 4,025,037</u>	<u>\$ 3,849,274</u>	<u>\$ 3,620,778</u>
Contributions as a percentage of covered-employee payroll	63.48%	48.59%	51.36%	51.32%	53.81%	57.86%	59.99%	70.36%

Notes:

1.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

CITY OF CENTRAL FALLS

SCHEDULE OF CHANGES IN THE CITY OF CENTRAL FALLS

D-10

NET OPEB LIABILITY AND RELATED RATIOS
CITY PLAN

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017
A. Total OPEB liability				
1. Service Cost	\$ 66,451	\$ 755,714	\$ 62,911	\$ 60,202
2. Interest on Liability and Service Cost	225,808	365,321	298,293	286,327
3. Change in Plan Provisions	--	--	--	--
4. Experience (Gain) and Loss	--	(2,163,172)	--	--
5. Changes of Assumptions	--	--	--	--
6. Benefit Payments	(131,661)	(125,991)	(193,377)	(186,131)
7. Interest on Benefit Payments	--	--	--	--
8. Net change in total OPEB liability	160,598	(1,168,128)	167,827	160,398
9. Total OPEB liability – beginning	3,008,967	4,177,095	4,009,268	3,848,869
10. Total OPEB liability – ending (a)	<u>\$ 3,169,565</u>	<u>\$ 3,008,967</u>	<u>\$ 4,177,095</u>	<u>\$ 4,009,267</u>
B. Plan fiduciary net position				
1. Contributions – employer	\$ 231,661	\$ 325,991	\$ 193,377	\$ 293,377
2. Contributions – employee	--	--	--	--
3. Other Payments	--	--	--	--
4. Benefit Payments	(131,661)	(125,991)	(193,377)	(193,377)
5. Expenses	(1,209)	(869)	(285)	(285)
6. Investment Income	22,985	38,207	19,053	13,683
7. Net change in plan fiduciary net position	121,776	237,338	18,768	113,398
8. Plan fiduciary net position – beginning	477,665	240,327	221,559	108,160
9. Plan fiduciary net position – ending (b)	<u>\$ 599,441</u>	<u>\$ 477,665</u>	<u>\$ 240,327</u>	<u>\$ 221,558</u>
C. Net OPEB liability - ending (a) - (b)	<u>\$ 2,570,124</u>	<u>\$ 2,531,302</u>	<u>\$ 3,936,768</u>	<u>\$ 3,787,709</u>
D. Plan fiduciary net position as a percentage of the total OPEB liability	18.91%	15.87%	5.75%	5.53%
E. Covered employee payroll	<u>\$ 7,761,579</u>	<u>\$ 7,535,514</u>	<u>\$ 7,025,436</u>	<u>\$ 6,787,861</u>
F. Net OPEB liability as a percentage of covered payroll	33.11%	33.59%	56.04%	55.80%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

CITY OF CENTRAL FALLS

D-11

**SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFITS**

	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>	<u>Fiscal 2018</u>	<u>Fiscal 2017</u>
Actuarially determined contribution	\$ 100,000	\$ 100,000	\$ 100,000	\$ 284,360
Contributions in relation to the actuarially determined contribution	<u>231,661</u>	<u>325,991</u>	<u>193,377</u>	<u>293,377</u>
Contribution deficiency (excess)	<u>\$ (131,661)</u>	<u>\$ (225,991)</u>	<u>\$ (93,377)</u>	<u>\$ (9,017)</u>
Covered-employee payroll	<u>\$ 7,761,579</u>	<u>\$ 7,535,514</u>	<u>\$ 7,025,436</u>	<u>\$ 6,787,861</u>
Contributions as a percentage of covered-employee payroll	2.98%	4.33%	2.75%	4.32%

Notes:

1) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Required Supplementary Information

June 30, 2020

Municipal Employees Retirement Plan

Schedule of Proportionate Share of the Net Pension Liability

The 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 show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, 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, Section 16-16-35.

June 30, 2019 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2019 measurement date compared to the June 30, 2018 measurement date.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Required Supplementary Information

June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability (Continued)

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date.

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Required Supplementary Information

June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability (Continued)

June 30, 2015 measurement date (Continued) –

- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

City of Central Falls Pension Plan

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the experience study dated July 1, 2020:

Actuarial cost method	Individual entry age normal method
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3% per year, including longevity and holiday pay
Investment rate of return	7.5%, net of investment management fees
Cost of living adjustments	2.0% per year without compounding

It is assumed that both pre-retirement and post retirement mortality are represented by the SOA RP-2014 IRS Static Mortality Table for males and females. Mortality for disabled members is represented by the SOA RP-2014 Disabled Mortality Table.

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Required Supplementary Information

June 30, 2020

Other Post-Employment Benefits

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Interest	Full Prefunding: 7.5%, net of investment expenses								
Actuarial Cost Method	Entry Age Normal								
Medical Care Inflation	<table><thead><tr><th>Year</th><th>Inflation Rate</th></tr></thead><tbody><tr><td>2017</td><td>5.5%</td></tr><tr><td>2018</td><td>5.0%</td></tr><tr><td>2020+</td><td>4.5%</td></tr></tbody></table>	Year	Inflation Rate	2017	5.5%	2018	5.0%	2020+	4.5%
Year	Inflation Rate								
2017	5.5%								
2018	5.0%								
2020+	4.5%								
Participation	70% of future retirees are assumed to participate in the retiree medical plan								
Marital Status	85% of male employees and 65% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.								
Termination Benefit	No benefits will be payable for terminations prior to retirement eligibility.								
Medical Plan Costs	The City is treated as community rated and therefore, the expected claims costs does not include the implicit subsidy. It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on 20% of current unadjusted rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.								
Pre-Age 65 Retirees	<p>Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65.</p> <p>Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65.</p>								

CITY OF CENTRAL FALLS, RHODE ISLAND

Notes to the Required Supplementary Information

June 30, 2020

Other Post-Employment Benefits (Continued)

Post-Age 65 Retirees Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. It is assumed that all current retirees under 65 will participate in the same proportion as current retirees over 65. Per capital costs were developed from the City developed monthly costs. Amounts to be received in the future for Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.

Mortality It is assumed that both pre-retirement and post-retirement mortality are represented by the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 improvements, fully generational, for males and females. Mortality for disabled members is represented by the RP-2000 Disabled Mortality Table.

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF CENTRAL FALLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

E-1

	CDBG Revolving	COVID 19 MicroE	CDBG 2015	CDBG 2016	Planning Projects Fund	Main Street Grant ROCD 2006	The Landing	Blackstone Bike Way
Assets								
Cash and cash equivalents	\$ 10	\$ --	\$ --	\$ --	\$ 152,558	\$ --	\$ --	\$ --
Due from federal and state governments	--	--	77,421	200,628	--	164,709	1,369	86,354
Due from other funds	--	--	--	28,940	352,175	--	--	--
Total Assets	10	--	77,421	229,568	504,733	164,709	1,369	86,354
Liabilities								
Accounts payable	--	--	--	--	--	--	--	--
Deposits held for others	--	--	--	--	--	--	--	--
Due to other funds	10	--	0	101,659	504,733	164,709	1,369	86,354
Unearned revenue	--	--	77,421	127,909	--	--	--	--
Total Liabilities	10	--	77,421	229,568	504,733	164,709	1,369	86,354
Fund Balance								
Restricted	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--
Total Fund Balance	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

CITY OF CENTRAL FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2020

	CDBG Revolving	COVID 19 MicroE	CDBG 2015	CDBG 2016	Planning Projects Fund	Main Street Grant ROCD 2006	The Landing	Blackstone Bike Way
Revenues								
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, fees, permits and fines	--	15,000	53,217	126,633	--	--	285,951	116,514
Intergovernmental	--	--	--	--	36,025	--	--	--
Other	--	--	--	--	--	--	--	--
Total Revenues	--	15,000	53,217	126,633	36,025	--	285,951	116,514
Expenditures								
General government	--	0	0	--	--	0	0	0
Planning	--	15,000	82,342	126,633	181,021	45,153	285,951	116,514
Public safety	--	--	--	--	--	--	--	--
Recreation	--	--	--	--	--	--	--	--
Public Education	--	--	--	--	--	--	--	--
Capital outlays	--	--	--	--	--	--	--	--
Total Expenditures & Capital Outlays	--	15,000	82,342	126,633	181,021	45,153	285,951	116,514
Excess of Revenue Over (Under)								
Expenditures Before Transfers	--	--	(29,125)	--	(144,996)	(45,153)	--	--
Other Financing Sources (Uses)								
Transfers in	--	--	29,125	--	211,532	45,153	--	--
Transfer out	--	--	--	--	(178,359)	--	--	--
Net Other Financing Sources (Uses)	--	--	29,125	--	33,173	45,153	--	--
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	--	--	--	--	(111,823)	--	--	--
Fund Balance - Beginning of Year	--	--	--	--	111,823	--	--	--
Fund Balance - End of Year	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

CITY OF CENTRAL FALLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

E-1

	RIDOH	RIGHA RI Foundation Grant	Other Health Dept Fund	Water Chestnut Project	Renewable Energy	Champs Grant	River Island
Assets							
Cash and cash equivalents	\$ 193,264	\$ --	\$ --		\$ 10	\$ --	\$ --
Due from federal and state governments	--	--	--			--	--
Due from other funds	10,559	35,000	29,500	23,392	278,813	--	--
Total Assets	203,823	35,000	29,500	23,392	278,823	--	--
Liabilities							
Accounts payable	--	--	--	--	--	--	--
Deposits held for others	--	--	--	--	--	--	--
Due to other funds	18,404	29,236	29,500	23,392	10	5	--
Unearned revenue	--	--	--	--	--	--	--
Total Liabilities	18,404	29,236	29,500	23,392	10	5	--
Fund Balance							
Restricted	185,419	5,764	--	--	278,813	--	--
Unassigned	--	--	--	--	--	(5)	--
Total Fund Balance	\$ 185,419	\$ 5,764	\$ --	\$ --	\$ 278,813	\$ (5)	\$ --

CITY OF CENTRAL FALLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2020

	RIDOH	RIGHA RI Foundation Grant	UDAG Revolving Loan Fund	Water Chestnut Project	Renewable Energy	Champs Grant	ED
Revenues							
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, fees, permits and fines	--	--	--	23,392	350,000	--	10,828
Intergovernmental	--	--	--	--	--	--	--
Other	--	18,264	5,000	--	--	--	--
Total Revenues	--	18,264	5,000	23,392	350,000	--	10,828
Expenditures							
General government	0	47,500	5,000	--	--	--	--
Planning	--	--	--	23,392	71,187	5	10,828
Public safety	--	--	--	--	--	--	--
Recreation	--	--	--	--	--	--	--
Public Education	--	--	--	--	--	--	--
Capital outlays	--	--	--	--	--	--	--
Total Expenditures & Capital Outlays	--	47,500	5,000	23,392	71,187	5	10,828
Excess of Revenue Over (Under)							
Expenditures Before Transfers	--	(29,236)	--	--	278,813	(5)	--
Other Financing Sources (Uses)							
Transfers in	10	--	--	--	--	--	--
Transfer out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	10	--	--	--	--	--	--
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	10	(29,236)	--	--	278,813	(5)	--
Fund Balance - Beginning of Year	185,409	35,000	--	--	--	--	--
Fund Balance - End of Year	\$ 185,419	\$ 5,764	\$ --	\$ --	\$ 278,813	\$ (5)	\$ --

CITY OF CENTRAL FALLS

E-1

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Mortgage Foreclosure Prevention	Recreation Summer Lunch Program	Police C.A.R.E.	Police Federal Forfeiture	Police State Forfeiture	Police Seizures Escrow	JAG Grant	School Bldg Capital
Assets								
Cash and cash equivalents	\$ 24,884	\$ --	\$ --	\$ 64,518	\$ 29,952	\$ 133,004	\$ --	\$ 100,010
Due from federal and state governments	--	--	--	--	--	--	--	--
Due from other funds	343,594	134,682	11,162	17,365	1,997	72,778	54,799	6,183,227
Total Assets	<u>368,478</u>	<u>134,682</u>	<u>11,162</u>	<u>81,883</u>	<u>31,949</u>	<u>205,782</u>	<u>54,799</u>	<u>6,283,237</u>
Liabilities								
Accounts payable	--	--	--	0	--	--	--	--
Deposits held for others	--	--	--	--	0	81,511	--	--
Due to other funds	368,478	64,328	11,162	43,963	70,675	121,323	54,157	6,182,905
Unearned revenue	--	--	--	--	--	--	--	--
Total Liabilities	<u>368,478</u>	<u>64,328</u>	<u>11,162</u>	<u>43,963</u>	<u>70,675</u>	<u>202,834</u>	<u>54,157</u>	<u>6,182,905</u>
Fund Balance								
Restricted	--	70,354	--	37,920	--	2,948	642	100,332
Unassigned	--	--	--	--	(38,726)	--	--	--
Total Fund Balance	<u>\$ --</u>	<u>\$ 70,354</u>	<u>\$ --</u>	<u>\$ 37,920</u>	<u>\$ (38,726)</u>	<u>\$ 2,948</u>	<u>\$ 642</u>	<u>\$ 100,332</u>

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2020

	Mortgage Foreclosure Prevention	Recreation Summer Lunch Program	Police C.A.R.E.	Police Federal Forfeiture	Police State Forfeiture	Police Seizures Escrow	JAG Grant	School Bldg Capital
Revenues								
Interest and investment income	\$ --	\$ --	\$ --	\$ 39	\$ 838	\$ 149	\$ --	\$ --
Licenses, fees, permits and fines	--	--	--	--	--	--	--	--
Intergovernmental	--	109,976	92,369	29,343	--	--	--	1,681,145
Other	--	--	--	--	--	--	--	--
Total Revenues	<u>--</u>	<u>109,976</u>	<u>92,369</u>	<u>29,382</u>	<u>838</u>	<u>149</u>	<u>--</u>	<u>1,681,145</u>
Expenditures								
General government	58,687	--	0	--	--	--	--	--
Planning	--	--	--	--	--	--	--	--
Public safety	0	--	92,369	9,300	21,540	0	--	--
Recreation	--	80,792	--	--	--	--	--	--
Public Education	--	--	--	--	--	--	--	--
Capital outlays	--	--	--	--	--	--	--	1,680,823
Total Expenditures & Capital Outlays	<u>58,687</u>	<u>80,792</u>	<u>92,369</u>	<u>9,300</u>	<u>21,540</u>	<u>--</u>	<u>--</u>	<u>1,680,823</u>
Excess of Revenue Over (Under)								
Expenditures Before Transfers	(58,687)	29,184	--	20,082	(20,702)	149	--	322
Other Financing Sources (Uses)								
Transfers in	97,343	--	--	--	--	--	--	100,010
Transfer out	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>97,343</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>100,010</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	38,656	29,184	--	20,082	(20,702)	149	--	100,332
Fund Balance - Beginning of Year	<u>(38,656)</u>	<u>41,170</u>	<u>--</u>	<u>17,838</u>	<u>(18,024)</u>	<u>2,799</u>	<u>642</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ --</u>	<u>\$ 70,354</u>	<u>\$ --</u>	<u>\$ 37,920</u>	<u>\$ (38,726)</u>	<u>\$ 2,948</u>	<u>\$ 642</u>	<u>\$ 100,332</u>

CITY OF CENTRAL FALLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

E-1

	Emergency Equipment Replacement	Recycling Account	RIC Dexter Street	Property Development	Redevelopment Agency	Historic Trust	TOTALS
Assets							
Cash and cash equivalents	\$ 10	\$ --	\$ --	\$ --	\$ 10	\$ 44,027	\$ 742,257
Due from federal and state governments	--	--	--	--	--	--	530,481
Due from other funds	590	19,382	--	161,180	341,637	30,456	8,131,228
Total Assets	600	19,382	--	161,180	341,647	74,483	9,403,966
Liabilities							
Accounts payable	--	--	--	--	0	--	--
Deposits held for others							81,511
Due to other funds	0	2,144	0	5,256	133,746	68,518	8,086,036
Unearned revenue	--	9,096	--	--	--	--	214,426
Total Liabilities	--	11,240	--	5,256	133,746	68,518	8,381,973
Fund Balance							
Restricted	600	8,142	--	155,924	207,901	5,965	1,060,724
Unassigned	--	--	--	--	--	--	(38,731)
Total Fund Balance	\$ 600	\$ 8,142	\$ --	\$ 155,924	\$ 207,901	\$ 5,965	\$ 1,021,993

CITY OF CENTRAL FALLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Non-Major Governmental Funds
For the year ended June 30, 2020

	Emergency Equipment Replacement	Recycling Account	RIC Dexter Street	Property Development	Redevelopment Agency	Historic Trust	TOTALS
Revenues							
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 44	\$ 1,070
Licenses, fees, permits and fines							-
Intergovernmental	--	--	--	--	--	--	2,894,368
Other	--	--	--	--	--	--	59,289
Total Revenues	--	--	--	--	--	44	2,954,727
Expenditures							
General government	--	0	--	--	--	--	111,187
Planning					0		958,026
Public safety	--	--	--	--	--	--	123,209
Recreation	--	--	--	--	--	--	80,792
Public Education							--
Capital outlays	127,275	--	--	--	17,437	--	1,825,535
Total Expenditures & Capital Outlays	127,275	--	--	--	17,437	--	3,098,749
Excess of Revenue Over (Under)							
Expenditures Before Transfers	(127,275)	--	--	--	(17,437)	44	(144,022)
Other Financing Sources (Uses)							
Transfers in	127,275	--	--	--	10	--	610,458
Transfer out	--	--	--	--	--	--	(178,359)
Net Other Financing Sources (Uses)	127,275	--	--	--	10	--	432,099
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	--	--	--	--	(17,427)	44	288,077
Fund Balance - Beginning of Year	600	8,142	--	155,924	225,328	5,921	733,916
Fund Balance - End of Year	\$ 600	\$ 8,142	\$ --	\$ 155,924	\$ 207,901	\$ 5,965	\$ 1,021,993

AGENCY FUNDS

CITY OF CENTRAL FALLS

F-1

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Estate of Alice Tellier</u>				
Assets				
Cash	\$ <u> --</u>	\$ <u> 4,267</u>	\$ <u> --</u>	\$ <u> 4,267</u>
Liabilities				
Deposits Held in Custody for Others	\$ <u> --</u>	\$ <u> 4,267</u>	\$ <u> --</u>	\$ <u> 4,267</u>
<u>Unclaimed Estates</u>				
Assets				
Cash	\$ <u> 33,348</u>	\$ <u> 116</u>	\$ <u> --</u>	\$ <u> 33,464</u>
Liabilities				
Deposits Held in Custody for Others	\$ <u> 33,348</u>	\$ <u> 116</u>	\$ <u> --</u>	\$ <u> 33,464</u>
<u>Totals</u>				
Assets				
Cash	\$ <u> 33,348</u>	\$ <u> 4,383</u>	\$ <u> --</u>	\$ <u> 37,731</u>
Total Assets	<u>\$ 33,348</u>	<u>\$ 4,383</u>	<u>\$ --</u>	<u>\$ 37,731</u>
Liabilities				
Deposits Held in Custody for Others	\$ <u> 33,348</u>	\$ <u> 4,383</u>	\$ <u> --</u>	\$ <u> 37,731</u>
Total Liabilities	<u>\$ 33,348</u>	<u>\$ 4,383</u>	<u>\$ --</u>	<u>\$ 37,731</u>

CITY OF CENTRAL FALLS

TAX COLLECTOR'S ANNUAL REPORT

YEAR ENDED JUNE 30, 2020

Fiscal Year	Balance - July 1, 2019	Current Year Assessment	Additions	Abatements	Refunds / Adjustments	Amount to be Collected	FY 2020 Collections	Balance - June 30, 2020
2019	\$ -	\$ 15,317,739	\$1,388,093	\$ (840,488)	-	15,865,344	\$ 15,085,147	780,197
2018	1,025,912	-	17,315	(25,431)	-	1,017,796	744,441	273,355
2017	270,376	-	(1,080)	(21,646)	-	247,649	114,181	133,468
2016	193,936	-	1,931	(22,092)	-	173,774	58,141	115,633
2015	166,894	-	(217)	(39,217)	-	127,460	17,681	109,779
2014	181,868	-	(100)	(19,537)	-	162,231	5,259	156,972
2013	155,064	-	-	(18,960)	-	136,104	4,416	131,688
2012	161,861	-	1,250	(22,384)	-	140,727	3,339	137,388
2011	198,446	-	(68)	(22,214)	-	176,164	4,113	172,051
2010	209,962	-	-	(4,307)	-	205,655	6,722	198,933
2009	98,634	-	-	(11,115)	-	87,519	1,930	85,589
2008 and prior	243,963	-	697	-	-	244,660	2,815	241,845
	<u>\$ 2,906,916</u>	<u>\$ 15,317,739</u>	<u>\$ 1,407,821</u>	<u>\$ (1,047,392)</u>	<u>\$ -</u>	<u>\$ 18,585,084</u>	<u>\$ 16,048,185</u>	<u>\$ 2,536,899</u>
Allowance for Uncollectible Accounts	\$ (762,955)							\$ (762,955)
Net Property Tax Receivable	<u>\$ 2,143,961</u>							<u>\$ 1,773,944</u>

FY 2020 Cash Collections Summary		
July - August 2019 Collections Subject to 60-day FY 18 Accrual	September - June 2020 Collections	Total FY 2020 Cash Collections
\$ -	\$ 15,085,147	\$ 15,085,147
252,559	491,882	744,441
28,884	85,297	114,181
4,750	53,391	58,141
2,397	15,284	17,681
1,654	3,605	5,259
1,317	3,099	4,416
1,264	2,075	3,339
1,129	2,984	4,113
1,582	5,140	6,722
170	1,760	1,930
-	2,815	2,815
<u>\$ 295,706</u>	<u>\$ 15,752,479</u>	<u>\$ 16,048,185</u>

July - August 2020 (FY 20) Cash Collections Subject to 60-day FY 20 Accrual
\$ 223,784
16,824
4,813
4,593
2,580
1,207
577
419
1,223
1,045
602
1,450
<u>\$ 259,117</u>

Schedule of Net Assessed Property, Value by Category

Description of Property	Valuations December 31, 2018	Levy July 1, 2019
Real Property	\$ 572,615,133	\$ 12,902,197
Motor Vehicle	47,532,489	1,000,964
Tangible	20,228,347	1,414,578
Total	<u>\$ 640,375,969</u>	<u>\$ 15,317,739</u>
Exemptions	(70,199,286)	
Net Assessed Value	<u>\$ 570,176,683</u>	<u>\$ 15,317,739</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 16,048,185
July - August 2020 Collections Subject to 60-day FY 20 Accrual	\$ 259,117
	<u>\$ 16,307,302</u>
July - August 2019 Collections Subject to 60-day FY 19 Accrual	\$ (295,706)
Current Year Property Tax Revenue	<u>\$ 16,011,596</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)

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 15,099,983
Last Year's Levy Tax Collection	707,122
Prior Years Property Tax Collection	217,686
Interest & Penalty	261,484
PILOT & Tax Treaty (excluded from levy) Collection	83,607
Other Local Property Taxes	222,360
Licenses and Permits	439,299
Fines and Forfeitures	162,644
Investment Income	14,122
Departmental	447,688
Rescue Run Revenue	382,645
Police & Fire Detail	72,903
Other Local Non-Property Tax Revenues	20,572
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	126,633
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	109,976
COVID - ESSER	-
COVID - CRF	-
COVID - CDBG	15,000
COVID - FEMA	-
COVID - Other	-
MV Excise Tax Reimbursement	102,184
State PILOT Program	775
Distressed Community Relief Fund	201,648
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	244,455
Meals & Beverage Tax / Hotel Tax	137,360
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	-
Housing Aid Bonded Debt	598,696
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	45,648
Other State Revenue	1,807,355
Motor Vehicle Phase Out	974,827
Other Revenue	500,607
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
Total Revenue	<u><u>\$ 22,997,279</u></u>
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	145,203
Financing Sources: Debt Proceeds	-
Financing Sources: Other	-
Rounding	-
Total Other Financing Sources	<u><u>\$ 145,203</u></u>

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 529,689	\$ 359,187	\$ -	\$ -	\$ 339,096	\$ -	\$ 590,248	\$ 220,364	\$ 2,473,863
Compensation - Group B	-	-	-	-	-	-	-	-	298,645
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	91,258	18,047	-	-	-	-	42,718	-	310,384
Overtime - Group B	-	-	-	-	-	-	-	-	72,758
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	181,568	39,132	-	-	23,796	-	94,949	11,353	382,384
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	90,348
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,974	1,769	-	-	1,003	-	5,365	490	18,168
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	3,258
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	37,233	26,093	-	-	19,601	-	48,880	18,651	82,933
Life Insurance	669	502	-	-	334	-	919	167	4,096
State Defined Contribution- Group A	16,909	10,899	-	-	6,711	-	17,857	3,498	1,790
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	13,465
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	52,784	4,283	-	-	3,205	-	18,454	-	62,357
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	1,228,025
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	60,708	39,458	-	-	34,158	-	72,569	13,118	5,475
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	41,192
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	467,450	436,491	-	118,426	13,039	-	439,192	70,799	102,323
Materials/Supplies	39,818	8,554	-	-	718	-	36,984	8,865	76,044
Software Licenses	-	-	-	-	-	-	-	-	-
Capital Outlays	146,852	-	-	-	14,375	-	1,909,298	-	61,981
Insurance	384,330	-	-	-	-	-	-	-	-
Maintenance	93,815	-	-	-	-	-	85,106	24,844	17,565
Vehicle Operations	-	-	-	-	-	-	44,302	-	45,297
Utilities	287,962	-	-	-	-	-	13,729	-	18,344
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	7,898	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	14,321	-	-
Trash Removal & Recycling	-	-	-	-	-	-	667,046	-	-
Claims & Settlements	11,612	-	-	-	-	-	-	-	-
Community Support	15,461	-	-	-	-	-	-	-	-
Other Operation Expenditures	204,987	-	-	-	60,153	125,401	2,856	-	-
Tipping Fees	-	-	-	-	-	-	264,594	-	-
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	\$ 2,627,079	\$ 944,415	\$ -	\$ 118,426	\$ 516,189	\$ 125,401	\$ 4,377,285	\$ 372,149	\$ 5,410,695

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ 2,756,354	\$ -	\$ 140,027	\$ -	\$ -	\$ -	\$ 7,408,828
Compensation - Group B	-	-	-	-	-	-	298,645
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	318,432	-	1,522	-	-	-	782,361
Overtime - Group B	-	-	-	-	-	-	72,758
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-
Active Medical Insurance - Group A	576,840	-	(19,630)	-	-	-	1,290,392
Active Medical Insurance- Group B	-	-	-	-	-	-	90,348
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental insurance- Group A	25,046	-	1,126	-	-	-	56,941
Active Dental Insurance- Group B	-	-	-	-	-	-	3,258
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	54,657	-	6,817	-	-	-	294,865
Life Insurance	3,343	-	84	-	-	-	10,114
State Defined Contribution- Group A	2,798	-	3,743	-	-	-	64,205
State Defined Contribution - Group B	-	-	-	-	-	-	13,465
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	62,489	-	-	-	-	-	203,572
Other Benefits- Group B	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	1,228,025	-	-	-	-	-	2,456,050
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	4,923	-	12,438	-	-	-	242,847
State Defined Benefit Pension - Group B	-	-	-	-	-	-	41,192
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	84,439	-	10,487	-	-	-	1,742,646
Materials/Supplies	50,725	-	5,938	-	-	-	227,646
Software Licenses	-	-	12,000	-	-	-	12,000
Capital Outlays	43,863	-	-	-	-	-	2,176,369
Insurance	-	-	-	-	-	-	384,330
Maintenance	16,514	-	-	-	-	-	237,844
Vehicle Operations	57,615	-	-	-	-	-	147,214
Utilities	20,388	-	-	-	-	-	340,423
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	7,898
Revaluation	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	14,321
Trash Removal & Recycling	-	-	-	-	-	-	667,046
Claims & Settlements	-	-	-	-	-	-	11,612
Community Support	-	-	-	-	-	-	15,461
Other Operation Expenditures	-	-	-	-	-	-	393,397
Tipping Fees	-	-	-	-	-	-	264,594
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,050,000	-	1,050,000
Municipal Debt- Interest	-	-	-	-	289,756	-	289,756
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	100,000	100,000
Rounding	-	-	-	-	-	-	-
Total Expenditures	\$ 5,306,451	\$ -	\$ 174,552	\$ -	\$ 1,339,756	\$ 100,000	\$ 21,412,398

Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	432,129
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
Total Other Financing Uses	\$ 432,129

Net Change in Fund Balance¹ 1,297,955

Fund Balance1- beginning of year \$2,387,623

Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	-
Misc. Adjustment	-
Fund Balance¹ - beginning of year adjusted	2,387,623

Rounding -
Fund Balance¹ - end of year **\$ 3,685,578**

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

City of Central Falls
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2020

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, 2019						\$ 2,387,623	-	\$ 2,387,623	
<i>No funds removed from RGS for fiscal 2020</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2020</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2020</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 2,387,623</u>	<u>-</u>	<u>\$ 2,387,623</u>	
General Fund	\$ 21,216,412	\$ 30	\$ 19,615,884	\$ 432,129	\$ 1,168,429	\$ 2,161,043	\$ -	\$ 2,161,043	\$ 3,329,472
COVID 19 MicroE	15,000	-	15,000	-	-	-	-	-	-
CDBG 2015	53,217	29,125	82,342	-	-	-	-	-	-
CDBG 2016	126,633	-	126,633	-	-	-	-	-	-
Main Street Grant	-	45,153	45,153	-	-	-	-	-	-
RIDOH	-	10	-	-	10	185,409	-	185,409	185,419
Recreation Summer Lunch Program	109,976	-	80,792	-	29,184	41,171	-	41,171	70,355
School Building Capital Fund	1,681,145	100,010	1,680,823	-	100,332	-	-	-	100,332
Blackstone Bikeway	116,514	-	116,514	-	-	-	-	-	-
The Landing	285,951	-	285,951	-	-	-	-	-	-
Totals per audited financial statements	<u>\$ 23,604,848</u>	<u>\$ 174,328</u>	<u>\$ 22,049,092</u>	<u>\$ 432,129</u>	<u>\$ 1,297,955</u>	<u>\$ 2,387,623</u>	<u>\$ -</u>	<u>\$ 2,387,623</u>	<u>\$ 3,685,578</u>
Reconciliation from financial statements to MTP2									
Program activity in CDBG funds that are not reported on the MTP2 because they are for program revenues & expenses and not for administration	\$ (53,217)	\$ (29,125)	\$ (82,342)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Forgiveness of debt from state	(600,000)	-	(600,000)	-	-	-	-	-	-
State Aid for Revaluation reflected net in the Financial Statements & gross in MTP2	45,648	-	45,648	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 22,997,279</u>	<u>\$ 145,203</u>	<u>\$ 21,412,398</u>	<u>\$ 432,129</u>	<u>\$ 1,297,955</u>	<u>\$ 2,387,623</u>	<u>\$ -</u>	<u>\$ 2,387,623</u>	<u>\$ 3,685,578</u>

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

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 audit report 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 City's (or Town's) budget and accounting system. To report these costs, the City (or 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/>.



Independent Auditor's 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

To the City Council
City of Central Falls
Central Falls, 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, each major fund, and the aggregate remaining fund information of the City of Central Falls (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements are free from 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.

PPA, LLP

Warwick, Rhode Island
June 1, 2021