

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

*For the Fiscal Year Ended
June 30, 2020*

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ANNUAL FINANCIAL STATEMENTS
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FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of June 30, 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, and supplementary other postemployment benefit and pension information on pages 4 through 12 and pages 78 through 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2020 on our consideration of the Town of North Smithfield, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of North Smithfield, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Smithfield, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 31, 2020

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of North Smithfield provides this Management's Discussion and Analysis of the Town's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of North Smithfield is for fiscal year ended June 30, 2020.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the Town's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2019 and 2020 fiscal years. We encourage readers to consider the information presented in this narrative in conjunction with additional information that we have provided herein.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Government-Wide Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

The Town maintains 23 governmental funds; 4 are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Data from the remaining 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of “combining statements” later in this report. The Town's four major governmental funds are:

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

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

Proprietary Funds - The Town maintains three enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town maintains an enterprise fund to account for its Water and Sewer operations and Sewer Assessment projects. The basic proprietary fund financial statements can be found on pages 19 through 22 of this report.

Fiduciary Funds – The Town maintains one other post-employment benefits trust fund, one private-purpose trust fund and eight agency funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 23 and 24 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements and can be found on pages 25 through 77 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, which include reconciliation between the statutory revenues and expenditures for budgetary purposes and the revenues and expenditures for the General Fund and School Unrestricted Fund as presented in the governmental fund financial statements. Required supplementary information follows the notes to the financial statements and can be found beginning on page 78 of this report. The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's combined net position (government and business-type activities) totaled \$24,711,873 at the close of the most recent fiscal year.

Town of North Smithfield Net Position						
	June 30, 2020			June 30, 2019		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<u>Assets</u>						
Current assets	\$ 17,869,853	\$ 4,388,542	\$ 22,258,395	\$ 22,491,160	\$ 2,742,601	\$ 25,233,761
Capital assets, net	57,326,137	10,783,466	68,109,603	52,651,182	10,711,571	63,362,753
Other noncurrent assets	2,973,584	1,954,946	4,928,530	2,445,327	2,355,406	4,800,733
<i>Total assets</i>	78,169,574	17,126,954	95,296,528	77,587,669	15,809,578	93,397,247
<u>Deferred outflow of resources</u>						
Deferred pension amounts	6,964,597	-	6,964,597	8,500,287	-	8,500,287
Deferred other post employment benefit amounts	1,341,339	-	1,341,339	1,287,837	-	1,287,837
Deferred amounts on refunding	1,022,253	29,928	1,052,181	1,148,962	33,254	1,182,216
<i>Total deferred outflow of resources</i>	9,328,189	29,928	9,358,117	10,937,086	33,254	10,970,340
<u>Liabilities</u>						
Current liabilities	5,010,416	1,429,765	6,440,181	5,198,180	772,090	5,970,270
Noncurrent liabilities	63,610,592	3,441,437	67,052,029	67,548,749	3,265,969	70,814,718
<i>Total liabilities</i>	68,621,008	4,871,202	73,492,210	72,746,929	4,038,059	76,784,988
<u>Deferred inflow of resources</u>						
Deferred pension amounts	3,112,219	-	3,112,219	2,937,084	-	2,937,084
Deferred other post employment benefit amounts	943,975	-	943,975	202,574	-	202,574
Deferred sewer assessments	-	2,394,368	2,394,368	-	2,728,756	2,728,756
<i>Total deferred inflow of resources</i>	4,056,194	2,394,368	6,450,562	3,139,658	2,728,756	5,868,414
<u>Net position</u>						
Net investment in capital assets	31,509,816	8,077,695	39,587,511	27,789,930	7,630,930	35,420,860
Restricted for specific use	2,236,147	-	2,236,147	2,885,370	-	2,885,370
Unrestricted	(18,925,402)	1,813,617	(17,111,785)	(18,037,132)	1,445,087	(16,592,045)
<i>Total net position</i>	\$ 14,820,561	\$ 9,891,312	\$ 24,711,873	\$ 12,638,168	\$ 9,076,017	\$ 21,714,185

The largest portion of the Town's net position, \$39,587,511 reflects its investment in capital such as land, building, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,236,147 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of (\$17,111,785) may be used to meet the Town's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

Changes in Net Position

Town of North Smithfield Changes in Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 2,047,534	\$ 3,065,271	\$ 5,112,805	\$ 2,303,326	\$ 2,923,250	\$ 5,226,576
Operating grants	9,913,960	-	9,913,960	9,993,264	-	9,993,264
Capital grants	590,511	778,410	1,368,921	117,437	-	117,437
General Revenues						
Property taxes, levied for general purposes	34,877,523	-	34,877,523	34,214,301	-	34,214,301
State aid	2,100,409	-	2,100,409	1,429,710	-	1,429,710
Interest income	224,431	38,165	262,596	248,416	36,652	285,068
Miscellaneous	73,811	-	73,811	19,374	-	19,374
Total revenues	49,828,179	3,881,846	53,710,025	48,325,828	2,959,902	51,285,730
Expenses						
General government	1,936,501	-	1,936,501	1,669,088	-	1,669,088
Financial administration	1,148,218	-	1,148,218	1,124,361	-	1,124,361
Public safety	8,454,751	-	8,454,751	7,895,449	-	7,895,449
Public works	3,354,485	-	3,354,485	3,385,898	-	3,385,898
Grants & contributions	12,118	-	12,118	7,171	-	7,171
Settlements	-	-	-	-	-	-
Education	31,840,593	-	31,840,593	31,255,616	-	31,255,616
Interest	899,120	-	899,120	969,762	-	969,762
Water	-	560,431	560,431	-	497,341	497,341
Sewer	-	2,506,120	2,506,120	-	2,679,418	2,679,418
Total expenses	47,645,786	3,066,551	50,712,337	46,307,345	3,176,759	49,484,104
Excess (deficiency) of revenues over (under) expenses before transfers	2,182,393	815,295	2,997,688	2,018,483	(216,857)	1,801,626
Transfers in (out)	-	-	-	-	-	-
Change in net position	2,182,393	815,295	2,997,688	2,018,483	(216,857)	1,801,626
Net position - beginning	12,638,168	9,076,017	21,714,185	10,619,685	9,292,874	19,912,559
Net position - ending	\$ 14,820,561	\$ 9,891,312	\$24,711,873	\$12,638,168	\$ 9,076,017	\$21,714,185

Governmental Activities - To aid in the understanding of the new Statement of Activities, some additional explanation is given. Of particular interest is the format which is different than a typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden to our taxpayers of each of the Town's functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Governmental activities increased the Town's net position by \$2,182,393.

Business-Type activities - Business-type activities increased the Town's net position by \$815,295.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$14,582,560 a decrease of \$4,417,418 (23.25%) in comparison with the prior year beginning fund balance. The General Fund and School Unrestricted Fund are the chief operating funds of the Town.

At the end of the current fiscal year, the total fund balance of the General Fund was \$8,741,185, of which \$6,658,379 is unassigned (76.17%). The General Fund total fund balance increased by \$165,664 (1.93%) during the current fiscal year. The unassigned fund balance in the General Fund represents 17.09% of the total Fiscal Year 2020 General Fund budgeted expenditures.

At the end of the current fiscal year, the total fund balance of the School Unrestricted Fund was \$1,153,594, of which \$893,029 is restricted for education with the balance being assigned for specific purposes. There are no unassigned balances in the School Unrestricted Fund. The School Unrestricted Fund total fund balance has decreased by \$1,240,469 (51.81%) during the current fiscal year.

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

At the end of the current fiscal year, net position of the Water Fund amounted to \$2,204,174, an increase of \$851,949 (63.00%) from the prior year Net Position. In the Sewer Fund, net position amounted to \$8,587,353, an increase of \$58,185 (.68%) from the prior year Net Position.

General Fund Budgetary Highlights

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

Property Taxes were \$133,983 over budget. The positive variance is attributed to a higher collection percentage of billed taxes, less than anticipated tax abatements, and DMV registry blocks which aided in the collection of motor vehicle taxes.

Interest Income was over budget by \$48,526 due to favorable interest rates and cash management.

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

General governmental expenditures were under budget by \$83,302, primarily due to Plant Operations being underspent by \$24,047 and Town Hall being underspent by \$24,149.

Public Safety was over budget by \$39,620, primarily due to the Police Department being overspent by \$71,272. The variance is attributed to salary and overtime in the amount of \$63,197 due to contract negotiations and staff promotions. Also, vehicle maintenance was overspent by \$30,665.

Public Works was over budget by \$27,991 due to an increase in solid waste disposal.

Capital Assets and Debt Administration

Capital Assets - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounted to \$68,109,603 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and construction in progress.

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

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

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Land	\$ 8,880,242	\$ 16,141	\$ 8,896,383	\$ 8,880,242	\$ 16,141	\$ 8,896,383
Construction in progress	729,254	813,371	1,542,625	3,345,470	853,179	4,198,649
Land improvements	1,593,535	12,846	1,606,381	1,692,946	13,710	1,706,656
Buildings and improvements	40,746,800	1,410,535	42,157,335	33,136,597	1,409,236	34,545,833
Infrastructure	2,447,254	5,923,042	8,370,296	2,619,067	5,156,425	7,775,492
Machinery, equipment and furniture	686,621	2,607,531	3,294,152	683,148	3,262,880	3,946,028
Vehicles	2,242,431	-	2,242,431	2,293,712	-	2,293,712
Total	\$ 57,326,137	\$ 10,783,466	\$ 68,109,603	\$ 52,651,182	\$ 10,711,571	\$ 63,362,753

Long-Term Obligations – At the end of the fiscal year, the Town had total debt outstanding of \$70,455,467. General obligation bonds are backed by the full faith and credit of the Town, including the Town's power to levy additional taxes to ensure repayment of the debt. A summary of the Town's Long-Term Obligations is presented below:

Town of North Smithfield Long-Term Obligations

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds & Loans	\$ 26,726,811	\$ 3,659,474	\$ 30,386,285	\$ 29,748,577	\$ 3,492,432	\$ 33,241,009
Capital leases payable	-	-	-	-	-	-
Amortized premium on bonds	2,846,762	33,704	2,880,466	3,193,429	37,449	3,230,878
Accrued compensated absences	1,169,313	-	1,169,313	1,156,108	-	1,156,108
Settlements payable	100,100	18,630	118,730	100,100	113,668	213,768
Net OPEB obligation	9,719,447	-	9,719,447	10,271,544	-	10,271,544
Net pension liabilities	26,181,226	-	26,181,226	26,115,057	-	26,115,057
Totals	\$ 66,743,659	\$ 3,711,808	\$ 70,455,467	\$ 70,584,815	\$ 3,643,549	\$ 74,228,364

The Town retired bond debt of \$3,021,766 for Governmental Activities and \$382,958 for Business-Type Activities during the current fiscal year. State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. Currently, the Town is in compliance with the Legal Debt margin requirement.

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

Independent Audit

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

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2020-2021 is \$46,727,061, an increase of \$1,660,866 (3.69%) from the prior year. Education, at \$27,148,721 or 58.10% of the total budgeted expenditures. The increase for education was \$786,987, which is made up primarily of Town Appropriation.

For the fiscal year 2020-2021, the tax rate was broken down into three tiers: residential, commercial and personal property, with rates of \$16.300, \$19.386 and \$43.567, respectively. The breakdown consists of 41.69% for municipal and 58.31% for education. For the fiscal year 2019-2020, the tax rate was broken down into the same three tiers, with rates of \$15.865, \$18.870 and \$42.500, respectively. The breakdown consists of 41.48% for municipal and 58.52% for education.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, North Smithfield Town Hall, 83 Greene Street, North Smithfield, Rhode Island 02896.

Thank you very much!

Cynthia DeJesus
Finance Director

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 14,888,915	\$ 2,747,716	\$ 17,636,631
Real estate and personal property tax receivable, net	1,332,908	-	1,332,908
Water and sewer use fees receivable, net	-	329,986	329,986
Sewer assessments receivable, net	-	517,688	517,688
Due from federal and state government	520,209	1,314,410	1,834,619
Accrued interest receivable, net	391,200	-	391,200
Other receivables	78,486	125,427	203,913
Internal balances	646,685	(646,685)	-
Inventory	11,450	-	11,450
Total current assets	<u>17,869,853</u>	<u>4,388,542</u>	<u>22,258,395</u>
Noncurrent assets:			
Sewer assessments receivable, net	-	1,954,946	1,954,946
Capital assets: (Note 6)			
Land and land easements	8,880,242	16,141	8,896,383
Construction in progress	729,254	813,371	1,542,625
Depreciable buildings, property, equipment, infrastructure, net	<u>47,716,641</u>	<u>9,953,954</u>	<u>57,670,595</u>
Capital assets, net	57,326,137	10,783,466	68,109,603
Net pension asset	2,973,584	-	2,973,584
Total noncurrent assets	<u>60,299,721</u>	<u>12,738,412</u>	<u>73,038,133</u>
Total assets	<u>78,169,574</u>	<u>17,126,954</u>	<u>95,296,528</u>
Deferred outflows of resources:			
Deferred pension amounts	6,964,597	-	6,964,597
Deferred other post employment benefit amounts	1,341,339	-	1,341,339
Deferred amounts on refunding	1,022,253	29,928	1,052,181
Total deferred outflows of resources	<u>9,328,189</u>	<u>29,928</u>	<u>9,358,117</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,667,429	1,005,930	2,673,359
Accrued interest payable	134,201	51,694	185,895
Unearned revenue	75,719	-	75,719
Settlements payable - due within one year	14,300	18,630	32,930
Long-term debt - due within one year (Note 7)	3,118,767	353,511	3,472,278
Total current liabilities	<u>5,010,416</u>	<u>1,429,765</u>	<u>6,440,181</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year (Note 7)	26,454,806	3,339,667	29,794,473
Accrued compensated absences	1,169,313	-	1,169,313
Settlements payable - due in more than one year	85,800	-	85,800
Other liabilities	-	101,770	101,770
Net pension liabilities	26,181,226	-	26,181,226
Net other post employment benefit liabilities	9,719,447	-	9,719,447
Total noncurrent liabilities	<u>63,610,592</u>	<u>3,441,437</u>	<u>67,052,029</u>
Total liabilities	<u>68,621,008</u>	<u>4,871,202</u>	<u>73,492,210</u>
Deferred Inflows of Resources:			
Deferred pension amounts	3,112,219	-	3,112,219
Deferred other post employment benefit amounts	943,975	-	943,975
Deferred sewer assessments	-	2,394,368	2,394,368
Total deferred inflows of resources	<u>4,056,194</u>	<u>2,394,368</u>	<u>6,450,562</u>
Net Position:			
Net investment in capital assets	31,509,816	8,077,695	39,587,511
Restricted for:			
Education programs	1,043,997	-	1,043,997
Public safety programs	675,675	-	675,675
Historical records preservation	66,140	-	66,140
Capital projects	322,249	-	322,249
Other programs	128,086	-	128,086
Unrestricted	<u>(18,925,402)</u>	<u>1,813,617</u>	<u>(17,111,785)</u>
Total net position	<u>\$ 14,820,561</u>	<u>\$ 9,891,312</u>	<u>\$ 24,711,873</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,936,501	\$ 479,548	\$ 110,794	\$ -	\$ (1,346,159)	\$ -	\$ (1,346,159)
Financial administration	1,148,218	58,273	-	-	(1,089,945)	-	(1,089,945)
Public safety	8,454,751	800,829	33,919	-	(7,620,003)	-	(7,620,003)
Public works	3,354,485	185,076	4,650	364,308	(2,800,451)	-	(2,800,451)
Grants and contributions	12,118	-	-	-	(12,118)	-	(12,118)
Education	31,840,593	523,808	8,764,384	226,203	(22,326,198)	-	(22,326,198)
Interest on long-term debt	899,120	-	1,000,213	-	101,093	-	101,093
Total governmental activities	47,645,786	2,047,534	9,913,960	590,511	(35,093,781)	-	(35,093,781)
Business-Type Activities:							
Water	560,431	633,970	-	778,410	-	851,949	851,949
Sewer	2,506,120	2,431,301	-	-	-	(74,819)	(74,819)
Total business-type activities	3,066,551	3,065,271	-	778,410	-	777,130	777,130
Total	\$ 50,712,337	\$ 5,112,805	\$ 9,913,960	\$ 1,368,921	(35,093,781)	777,130	(34,316,651)
General Revenues:							
Taxes:							
Property taxes							
					34,877,523	-	34,877,523
State aid and in lieu of taxes,							
not restricted for a specific purpose							
					2,100,409	-	2,100,409
Investment earnings							
					224,431	38,165	262,596
Miscellaneous							
					73,811	-	73,811
Total general revenues							
					37,276,174	38,165	37,314,339
Change in net position							
					2,182,393	815,295	2,997,688
Net position - beginning of year, restated							
					12,638,168	9,076,017	21,714,185
Net position - end of year							
					\$ 14,820,561	\$ 9,891,312	\$ 24,711,873

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Town Building Bond</u>	<u>School Building Bond</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 9,850,167	\$ 997,538	\$ 2,159,605	\$ 1,154,099	\$ 727,506	\$ 14,888,915
Real estate and personal property tax receivable (net)	1,332,908	-	-	-	-	1,332,908
Due from federal and state governments	-	22,303	-	-	497,906	520,209
Other receivables	63,139	-	-	-	15,347	78,486
Due from other funds	1,066,211	787,782	10,000	-	1,315,652	3,179,645
Inventory	11,450	-	-	-	-	11,450
Total assets	<u>\$ 12,323,875</u>	<u>\$ 1,807,623</u>	<u>\$ 2,169,605</u>	<u>\$ 1,154,099</u>	<u>\$ 2,556,411</u>	<u>\$ 20,011,613</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ 362,002	\$ 539,325	\$ 589,928	\$ 107,996	\$ 13,683	\$ 1,612,934
Due to other funds	1,984,264	114,704	-	-	465,705	2,564,673
Unearned revenue	75,719	-	-	-	-	75,719
Other liabilities	22,782	-	-	-	-	22,782
Total liabilities	<u>2,444,767</u>	<u>654,029</u>	<u>589,928</u>	<u>107,996</u>	<u>479,388</u>	<u>4,276,108</u>
Deferred Inflows of Resources:						
Deferred property taxes	1,137,923	-	-	-	-	1,137,923
Other deferred revenues	-	-	-	-	15,022	15,022
Total deferred inflows of resources	<u>1,137,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,022</u>	<u>1,152,945</u>
Fund Balances:						
Nonspendable:						
Inventory	11,450	-	-	-	-	11,450
Restricted for:						
Education programs	-	893,029	-	-	150,968	1,043,997
Public safety programs	-	-	-	-	675,675	675,675
Historical records preservation	-	-	-	-	66,140	66,140
Capital projects	-	-	1,579,677	1,046,103	431,468	3,057,248
Other programs	4,126	-	-	-	108,938	113,064
Committed for:						
Road resurfacing and repairs	26,143	-	-	-	-	26,143
Revaluation	245,899	-	-	-	-	245,899
Capital assets and projects	417,749	-	-	-	616,067	1,033,816
Branch Village project	67,000	-	-	-	-	67,000
Public safety programs	12,108	-	-	-	12,745	24,853
Other	177,617	-	-	-	-	177,617
Assigned to:						
Road resurfacing and repairs	648,929	-	-	-	-	648,929
Capital assets and projects	388,908	-	-	-	-	388,908
Public safety programs	4,016	-	-	-	-	4,016
Other	78,861	-	-	-	-	78,861
Building and field maintenance	-	211,670	-	-	-	211,670
Preschool program	-	23,197	-	-	-	23,197
Extraordinary special education costs	-	25,698	-	-	-	25,698
Unassigned	6,658,379	-	-	-	-	6,658,379
Total fund balances	<u>8,741,185</u>	<u>1,153,594</u>	<u>1,579,677</u>	<u>1,046,103</u>	<u>2,062,001</u>	<u>14,582,560</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,323,875</u>	<u>\$ 1,807,623</u>	<u>\$ 2,169,605</u>	<u>\$ 1,154,099</u>	<u>\$ 2,556,411</u>	<u>\$ 20,011,613</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 14,582,560
 Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. See note 6 to the financial statements.	57,326,137
Accrued interest receivable on property taxes is reported as revenue in Government-Wide financial statements in the period earned. In Governmental Funds financial statements, interest on property taxes is reported when received.	391,200
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	15,022
Property taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as revenue when received in Governmental Funds financial statements.	1,137,923
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(134,201)
Long-term liabilities (including bonds and loans payable, settlements, compensated absences, net other post employment benefit liabilities, and net pension liabilities) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. See Note 7 to the financial statements.	(66,743,659)
Deferred outflows related debt refunding are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	1,022,253
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in Governmental Funds financial statements.	2,973,584
Deferred outflows and inflows related to pensions and other post employment benefits are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	
Deferred outflows - pension	6,964,597
Deferred inflows - pension	(3,112,219)
Deferred outflows - other post employment benefits	1,341,339
Deferred inflows - other post employment benefits	(943,975)
 Net Position of Governmental Activities	 <u>\$ 14,820,561</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Town Building Bond</u>	<u>School Building Bond</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 34,822,754	\$ -	\$ -	\$ -	\$ -	\$ 34,822,754
Motor vehicle excise in lieu of tax	1,619,876	-	-	-	-	1,619,876
Intergovernmental and grant revenue	1,577,320	7,084,621	-	-	1,759,706	10,421,647
Town clerk licenses and fees	394,787	-	-	-	-	394,787
Other departmental fines and fees	442,200	265,731	-	-	80,620	788,551
Investment and interest income	118,526	-	56,195	43,097	6,613	224,431
Other revenues	342,132	47,751	-	-	601,994	991,877
Total revenues	<u>39,317,595</u>	<u>7,398,103</u>	<u>56,195</u>	<u>43,097</u>	<u>2,448,933</u>	<u>49,263,923</u>
Expenditures:						
Current:						
General government	1,384,155	-	-	-	35,459	1,419,614
Financial administration	885,117	-	-	-	-	885,117
Public safety	6,286,334	-	-	-	187,906	6,474,240
Public works	2,467,753	-	-	-	5,776	2,473,529
Fixed charges	2,446,173	-	-	-	-	2,446,173
Grants and contributions	12,118	-	-	-	-	12,118
Education	-	27,255,125	-	-	1,367,357	28,622,482
Other	-	-	-	-	23,177	23,177
Capital outlay	1,143,580	-	2,420,243	1,875,842	1,718,273	7,157,938
Debt service:						
Principal	3,021,767	-	-	-	-	3,021,767
Interest and issuance costs	1,145,186	-	-	-	-	1,145,186
Total expenditures	<u>18,792,183</u>	<u>27,255,125</u>	<u>2,420,243</u>	<u>1,875,842</u>	<u>3,337,948</u>	<u>53,681,341</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>20,525,412</u>	<u>(19,857,022)</u>	<u>(2,364,048)</u>	<u>(1,832,745)</u>	<u>(889,015)</u>	<u>(4,417,418)</u>
Other financing sources (uses):						
Transfers from other funds	-	20,255,890	-	-	1,743,195	21,999,085
Transfers to other funds	(20,359,748)	(1,639,337)	-	-	-	(21,999,085)
Total other financing sources (uses)	<u>(20,359,748)</u>	<u>18,616,553</u>	<u>-</u>	<u>-</u>	<u>1,743,195</u>	<u>-</u>
Net change in fund balances	165,664	(1,240,469)	(2,364,048)	(1,832,745)	854,180	(4,417,418)
Fund balances (deficits) - beginning of year, restated	<u>8,575,521</u>	<u>2,394,063</u>	<u>3,943,725</u>	<u>2,878,848</u>	<u>1,207,821</u>	<u>18,999,978</u>
Fund balances - end of year	<u>\$ 8,741,185</u>	<u>\$ 1,153,594</u>	<u>\$ 1,579,677</u>	<u>\$ 1,046,103</u>	<u>\$ 2,062,001</u>	<u>\$ 14,582,560</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in the Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net Changes in Fund Balances - Total Governmental Funds \$ (4,417,418)

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

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

This is the amount of capital assets recorded in the current period. 7,090,896

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

(2,415,941)

Long-term compensated absences, net pension liabilities (assets) and net other post employment benefit (OPEB) liabilities are reported in the Government-Wide financial statements, but do not require the use of current financial resources. Therefore, compensated absences, net pension liabilities (assets) and net OPEB liabilities are not reported as expenditures in Governmental Funds financial statements.

This amount represents the change in these long-term liabilities from the prior year. (1,397,744)

Bond and loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal and payments to escrow agents are expenditures or uses of current financial resources in Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Position.

This amount represents long-term debt principal payments. 3,021,766

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

This amount represents amortization of deferred amounts on refunding during the current period. (126,708)

This amount represents amortization of premium on debt during the current period. 346,667

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

26,107

Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds.

54,768

Change in Net Position of Governmental Activities \$ 2,182,393

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Net Position

Proprietary Funds

June 30, 2020

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water</i>	<i>Sewer</i>	<i>Sewer</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assessment</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2,747,716	\$ -	\$ 2,747,716
Accounts receivable:				
Water and sewer use fees, net	169,069	160,917	-	329,986
Sewer assessments, net	-	517,688	-	517,688
Due from federal and state governments	1,314,410	-	-	1,314,410
Other	2,127	123,300	-	125,427
Due from other funds	266,935	33,814	-	300,749
Total current assets	<u>1,752,541</u>	<u>3,583,435</u>	<u>-</u>	<u>5,335,976</u>
Noncurrent assets:				
Sewer assessments receivable, net	-	1,954,946	-	1,954,946
Capital assets:				
Non-depreciable assets	829,512	-	-	829,512
Depreciable assets - net	2,035,877	7,918,077	-	9,953,954
Total noncurrent assets	<u>2,865,389</u>	<u>9,873,023</u>	<u>-</u>	<u>12,738,412</u>
Total assets	<u>4,617,930</u>	<u>13,456,458</u>	<u>-</u>	<u>18,074,388</u>
Deferred outflows of resources				
Deferred amounts on refunding	-	29,928	-	29,928
Total deferred outflows of resources	<u>-</u>	<u>29,928</u>	<u>-</u>	<u>29,928</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	967,277	38,653	-	1,005,930
Accrued interest payable	29,402	22,292	-	51,694
Due to other funds	47,219	-	900,215	947,434
Settlement payable	-	18,630	-	18,630
Current portion of long term debt	100,765	252,746	-	353,511
Total current liabilities	<u>1,144,663</u>	<u>332,321</u>	<u>900,215</u>	<u>2,377,199</u>
Noncurrent liabilities:				
Long-term debt	1,225,793	2,113,874	-	3,339,667
Other liabilities	43,300	58,470	-	101,770
Total noncurrent liabilities	<u>1,269,093</u>	<u>2,172,344</u>	<u>-</u>	<u>3,441,437</u>
Total liabilities	<u>2,413,756</u>	<u>2,504,665</u>	<u>900,215</u>	<u>5,818,636</u>
Deferred inflows of resources				
Deferred sewer assessments	-	2,394,368	-	2,394,368
Total deferred inflows of resources	<u>-</u>	<u>2,394,368</u>	<u>-</u>	<u>2,394,368</u>
Net position				
Net investment in capital assets	2,074,831	6,002,864	-	8,077,695
Unrestricted	129,343	2,584,489	(900,215)	1,813,617
Total net position	<u>\$ 2,204,174</u>	<u>\$ 8,587,353</u>	<u>\$ (900,215)</u>	<u>\$ 9,891,312</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
Operating revenues				
Assessments and user fees	\$ 596,898	\$ 2,342,460	\$ -	\$ 2,939,358
Other revenues	37,072	88,841	-	125,913
Total operating revenues	<u>633,970</u>	<u>2,431,301</u>	<u>-</u>	<u>3,065,271</u>
Operating expenses				
Salaries and benefits	34,615	190,390	-	225,005
Service	314,164	1,241,569	-	1,555,733
Operating supplies	1,295	8,226	-	9,521
Fixed and general charges	67,949	171,601	-	239,550
Depreciation	78,245	842,337	-	920,582
Total operating expenses	<u>496,268</u>	<u>2,454,123</u>	<u>-</u>	<u>2,950,391</u>
Operating income (loss)	<u>137,702</u>	<u>(22,822)</u>	<u>-</u>	<u>114,880</u>
Nonoperating revenues (expenses)				
Interest income	-	38,165	-	38,165
Interest expense	(38,450)	(51,997)	-	(90,447)
Other nonoperating expenses	(25,713)	-	-	(25,713)
Total non-operating revenues (expenses)	<u>(64,163)</u>	<u>(13,832)</u>	<u>-</u>	<u>(77,995)</u>
Income (loss) before capital contributions and transfers	73,539	(36,654)	-	36,885
Capital contributions	778,410	-	-	778,410
Transfer in	-	94,839	-	94,839
Transfer out	-	-	(94,839)	(94,839)
Change in net position	851,949	58,185	(94,839)	815,295
Total net position - beginning of year	<u>1,352,225</u>	<u>8,529,168</u>	<u>(805,376)</u>	<u>9,076,017</u>
Total net position - end of year	<u>\$ 2,204,174</u>	<u>\$ 8,587,353</u>	<u>\$ (900,215)</u>	<u>\$ 9,891,312</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water</i>	<i>Sewer</i>	<i>Sewer</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Assessment</i>	
	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ 604,782	\$ 2,281,749	\$ -	\$ 2,886,531
Cash payments to suppliers for goods and services	(369,458)	(1,400,308)	-	(1,769,766)
Cash payments to employees for services	(34,389)	(189,110)	-	(223,499)
<i>Net cash provided by operating activities</i>	<u>200,935</u>	<u>692,331</u>	<u>-</u>	<u>893,266</u>
<i>Cash flows from non-capital financing activities</i>				
Interfund transactions	33,946	(17,829)	137,786	153,903
<i>Net cash provided by (used for) non-capital financing activities</i>	<u>33,946</u>	<u>(17,829)</u>	<u>137,786</u>	<u>153,903</u>
<i>Cash flows from capital and related financing activities</i>				
Acquisition and construction of capital assets	(55,795)	(70,214)	(137,786)	(263,795)
Principal paid on bonds and loans	(135,618)	(247,340)	-	(382,958)
Interest paid on bonds and loans	(40,968)	(55,416)	-	(96,384)
Debt issuance costs paid	(2,500)	-	-	(2,500)
<i>Net cash used for capital and related financing activities</i>	<u>(234,881)</u>	<u>(372,970)</u>	<u>(137,786)</u>	<u>(745,637)</u>
<i>Cash flows from investing activities</i>				
Investment income	-	38,165	-	38,165
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>38,165</u>	<u>-</u>	<u>38,165</u>
<i>Net increase in cash and cash equivalents</i>	<u>-</u>	<u>339,697</u>	<u>-</u>	<u>339,697</u>
<i>Cash and cash equivalents, beginning of year</i>	<u>-</u>	<u>2,408,019</u>	<u>-</u>	<u>2,408,019</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ -</u>	<u>\$ 2,747,716</u>	<u>\$ -</u>	<u>\$ 2,747,716</u>
<i>Non-cash capital and related financing activities:</i>				
Debt issued	\$ 550,000	\$ -	\$ -	\$ 550,000
Debt issuance costs	(14,000)	-	-	(14,000)

(Continued)

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Reconciliation of operating income (loss) to net cash provided by operating activities</i>				
Operating income (loss)	\$ 137,702	\$ (22,822)	\$ -	\$ 114,880
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>				
Depreciation	78,245	842,337	-	920,582
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(29,187)	283,910	-	254,723
Increase (decrease) in accounts payable and accrued expenses	14,175	18,332	-	32,507
Increase (decrease) in settlements payable	-	(95,038)	-	(95,038)
Increase (decrease) in deferred sewer assessments	-	(334,388)	-	(334,388)
<i>Net cash provided by operating activities</i>	<u>\$ 200,935</u>	<u>\$ 692,331</u>	<u>\$ -</u>	<u>\$ 893,266</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<i>Other Post Employment Benefits Trust Fund</i>	<i>Private-Purpose Trust Buxton Family Association</i>	<i>Agency Funds</i>
Assets			
Cash and cash equivalents	\$ -	\$ 827	\$ 257,551
Investments:			
Pooled investments	1,056,150	-	-
Due from other funds	-	-	31,713
Total assets	<u>1,056,150</u>	<u>827</u>	<u>289,264</u>
Liabilities			
Deposits held in custody for others	-	-	289,264
Total liabilities	<u>-</u>	<u>-</u>	<u>289,264</u>
Net position			
Restricted for other post employment benefits and other purposes	<u>\$ 1,056,150</u>	<u>\$ 827</u>	<u>\$ -</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u><i>Other Post Employment Benefits Trust Fund</i></u>	<u><i>Private-Purpose Trust Buxton Family Association</i></u>
<i>Additions</i>		
Contributions:		
Employer	\$ 660,934	\$ -
Total contributions	<u>660,934</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	57,021	-
Interest and dividends	<u>-</u>	<u>12</u>
Total investment earnings	57,021	12
Less investment expense	<u>2,462</u>	<u>-</u>
Net investment income	<u>54,559</u>	<u>12</u>
<i>Total additions</i>	<u>715,493</u>	<u>12</u>
<i>Deductions</i>		
Benefits	410,934	-
<i>Total deductions</i>	<u>410,934</u>	<u>-</u>
<i>Change in net position</i>	304,559	12
<i>Net position - beginning of year</i>	<u>751,591</u>	<u>815</u>
<i>Net position - end of year</i>	<u>\$ 1,056,150</u>	<u>\$ 827</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Major Governmental Funds:

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

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

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

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

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Fiduciary Fund Financial Statements

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

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

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

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

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective for the Town's fiscal year ending June 30, 2020.

The adoption of GASB Statement Number 95 did not have an impact on the Town's financial position or results of operations.

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

- GASB Statement No. 84 – *Fiduciary Activities*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 87 – *Leases*, effective for the 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 the Town's fiscal year ending June 30, 2022.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town's fiscal year ending June 30, 2021.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town's fiscal year ending June 30, 2023.
- GASB Statement No. 92 – *Omnibus 2020*, effective for the Town's fiscal year ending June

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

30, 2022, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3 which are effective upon issuance.

- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, effective for the Town’s fiscal year ending June 30, 2021, except for paragraphs 11b, 13 and 14 which are effective for the Town’s fiscal year ending June 30, 2022.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*, effective for the Town’s fiscal year ending June 30, 2022, except for paragraphs 4 and 5 which are effective upon issuance.

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

D. CASH AND CASH EQUIVALENTS

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

E. INVESTMENTS

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

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

G. PREPAID ITEMS

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

H. INVENTORY

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

I. CAPITAL ASSETS

Capital assets are reported in the Government-Wide Statement of Net Position. In the Fund

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Financial Statements, capital assets used in governmental fund activities are accounted for as capital expenditures. Capital assets used in proprietary fund operations are accounted for in the same manner as in the Government-Wide Financial Statements.

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

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

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

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

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

J. DEBT PREMIUMS

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

K. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred amounts are reported for amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. Deferred outflows of resources and deferred inflows of resources are also reported for amounts

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

related to the Town's other post employment benefits plans and pension plans that will be amortized as a component of other post employment benefit expense and pension expense in future years.

L. PROPERTY TAXES

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 97.9% of the total 2019 levy. The Town's fiscal 2019-2020 property taxes were levied on June 28, 2019 on assessed valuation as of December 31, 2018. Upon levy, taxes are due and payable on August 15 or may be paid quarterly on August 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at approximately 100% of current market value for real estate and 100% of current market value for motor vehicles.

M. COMPENSATED ABSENCES

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

Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are accrued based on the sick leave accumulated as of June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2020.

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

N. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

O. PENSIONS

For the purposes of measuring the net pension liabilities, deferred outflows of resources and

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

P. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of North Smithfield’s Other Post Employment Benefits Plan (the plan) and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Q. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town’s legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$54,064,185. As of June 30, 2020, the Town’s debt subject to the legal debt margin is \$2,580,284 and the Town is under the debt limit by \$51,483,901. The debt subject to the debt limitation is based on the type of debt that is issued.

NOTE 3 – CASH DEPOSITS

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

	<i>Carrying Amount</i>
Total Deposits	\$17,893,859
Add: Petty cash	1,150
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	\$17,895,009

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described below. As of June 30, 2020, \$17,184,239 of the Town’s bank balance of \$18,203,531 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (Federal depository insurance funds)	\$1,019,292
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	14,698,758
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	2,485,481
Uninsured and uncollateralized	-
Total	<u><u>\$18,203,531</u></u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2020, the Town's uncollateralized deposits with institutions were \$0.

NOTE 4 – INVESTMENTS

At June 30, 2020, the Town’s investment balances were as follows:

<u>Investment</u>	<u>Fair Value</u>
Trust OPEB Funding Program	<u>\$1,056,150</u>
Total Investments Reported in the Financial Statements	<u><u>\$1,056,150</u></u>

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

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

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

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

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

NOTE 5 – FAIR VALUE MEASUREMENTS

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

The Town had no recurring or nonrecurring fair value measurements as of June 30, 2020.

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

	<u><i>Fair Value</i></u>	<u><i>Redemption Frequency</i></u>	<u><i>Redemption Notice Period</i></u>
Trust OPEB Funding Program	\$1,056,150	Daily	None

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 8,880,242	\$ -	\$ -	\$ 8,880,242
Construction in progress	3,345,470	696,293	3,312,509	729,254
	<u>12,225,712</u>	<u>696,293</u>	<u>3,312,509</u>	<u>9,609,496</u>
Depreciable assets:				
Land improvements	4,036,113	34,112	-	4,070,225
Buildings and improvements	55,426,895	9,153,899	-	64,580,794
Infrastructure	24,883,687	-	-	24,883,687
Machinery, equipment and furniture	5,267,041	180,952	-	5,447,993
Vehicles	5,841,146	338,149	275,000	5,904,295
	<u>95,454,882</u>	<u>9,707,112</u>	<u>275,000</u>	<u>104,886,994</u>
Total capital assets	<u>107,680,594</u>	<u>10,403,405</u>	<u>3,587,509</u>	<u>114,496,490</u>
Less accumulated depreciation for:				
Land improvements	2,343,167	133,523	-	2,476,690
Buildings and improvements	22,290,298	1,543,696	-	23,833,994
Infrastructure	22,264,620	171,813	-	22,436,433
Machinery, equipment and furniture	4,583,893	177,479	-	4,761,372
Vehicles	3,547,434	389,430	275,000	3,661,864
	<u>55,029,412</u>	<u>2,415,941</u>	<u>275,000</u>	<u>57,170,353</u>
Total accumulated depreciation	<u>55,029,412</u>	<u>2,415,941</u>	<u>275,000</u>	<u>57,170,353</u>
Governmental activities capital assets, net	<u>\$ 52,651,182</u>	<u>\$ 7,987,464</u>	<u>\$ 3,312,509</u>	<u>\$ 57,326,137</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 16,141	\$ -	\$ -	\$ 16,141
Construction in progress	853,179	813,372	853,180	813,371
	<u>869,320</u>	<u>813,372</u>	<u>853,180</u>	<u>829,512</u>
Depreciable assets:				
Land improvements	32,405	-	-	32,405
Buildings and improvements	2,346,289	49,208	-	2,395,497
Infrastructure	11,374,163	948,018	-	12,322,181
Machinery, equipment and furniture	19,252,452	35,059	-	19,287,511
Vehicles	139,110	-	-	139,110
	<u>33,144,419</u>	<u>1,032,285</u>	<u>-</u>	<u>34,176,704</u>
Total capital assets	<u>34,013,739</u>	<u>1,845,657</u>	<u>853,180</u>	<u>35,006,216</u>
Less accumulated depreciation for:				
Land improvements	18,695	864	-	19,559
Buildings and improvements	937,053	47,909	-	984,962
Infrastructure	6,217,738	181,401	-	6,399,139
Machinery, equipment and furniture	15,989,572	690,408	-	16,679,980
Vehicles	139,110	-	-	139,110
	<u>23,302,168</u>	<u>920,582</u>	<u>-</u>	<u>24,222,750</u>
Total accumulated depreciation	<u>23,302,168</u>	<u>920,582</u>	<u>-</u>	<u>24,222,750</u>
Business-type activities capital assets, net	<u>\$ 10,711,571</u>	<u>\$ 925,075</u>	<u>\$ 853,180</u>	<u>\$ 10,783,466</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 165,007
Public safety	227,210
Public works	473,508
Education	1,550,216
Total depreciation expense, governmental activities	<u><u>\$ 2,415,941</u></u>

Business-type activities:

Water fund	\$ 78,245
Sewer fund	842,337
Total depreciation expense, business-type activities	<u><u>\$ 920,582</u></u>

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and loans payable:					
Bonds and loans payable	\$ 27,183,577	\$ -	\$ 2,716,766	\$ 24,466,811	\$ 2,788,767
Bonds from direct placements	290,000	-	55,000	235,000	55,000
Loans from direct borrowings	2,275,000	-	250,000	2,025,000	275,000
	<u>29,748,577</u>	<u>-</u>	<u>3,021,766</u>	<u>26,726,811</u>	<u>3,118,767</u>
Plus amortized premium on bonds	3,193,429	-	346,667	2,846,762	-
Total bonds and loans	<u>32,942,006</u>	<u>-</u>	<u>3,368,433</u>	<u>29,573,573</u>	<u>3,118,767</u>
Other liabilities:					
Accrued compensated absences	1,156,108	85,144	71,939	1,169,313	-
Settlements payable	100,100	-	-	100,100	14,300
Net other postemployment benefit liabilities	10,271,544	-	552,097	9,719,447	-
Net pension liabilities	26,115,057	66,169	-	26,181,226	-
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 70,584,815</u></u>	<u><u>\$ 151,313</u></u>	<u><u>\$ 3,992,469</u></u>	<u><u>\$ 66,743,659</u></u>	<u><u>\$ 3,133,067</u></u>
Business-type activities:					
Bonds and loans payable:					
Bonds payable	\$ 671,477	\$ -	\$ 108,233	\$ 563,244	\$ 106,234
Bonds and loans from direct borrowings	2,820,955	550,000	274,725	3,096,230	247,277
	<u>3,492,432</u>	<u>550,000</u>	<u>382,958</u>	<u>3,659,474</u>	<u>353,511</u>
Plus amortized premium on bonds	37,449	-	3,745	33,704	-
Total bonds and loans	<u>3,529,881</u>	<u>550,000</u>	<u>386,703</u>	<u>3,693,178</u>	<u>353,511</u>
Other liabilities:					
Settlements payable	113,668	-	95,038	18,630	18,630
Total Business-Type Activities Long-Term Liabilities	<u><u>\$ 3,643,549</u></u>	<u><u>\$ 550,000</u></u>	<u><u>\$ 481,741</u></u>	<u><u>\$ 3,711,808</u></u>	<u><u>\$ 372,141</u></u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Loans from direct borrowings in Business-Type Activities include a loan issued on May 21, 2020 in the amount of \$1,400,000. The loan agreement includes principal forgiveness in the amount of \$850,000 for a net loan amount of \$550,000 that will be repaid by the Town. As of June 30, 2020, a loan payable of \$550,000 is reported in the Water Fund. The loan proceeds are drawn down as project costs are incurred. A due from RI Infrastructure Bank of \$536,000 is reported in the Water Fund for that portion of the \$550,000 net loan which has not been advanced as of June 30, 2020.

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

B. GENERAL OBLIGATION BONDS AND LOANS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2020 were as follows:

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Governmental Activities</i> <i>Bonds and Loans Payable</i>		<i>Governmental Activities</i> <i>Bonds from Direct Placements</i>		<i>Governmental Activities</i> <i>Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2021	\$ 2,788,767	\$ 952,253	\$ 55,000	\$ 4,691	\$ 275,000
2022	2,874,821	847,026	60,000	3,391	300,000	67,200
2023	2,754,162	755,223	60,000	2,034	320,000	55,680
2024	2,854,163	646,356	60,000	678	350,000	43,392
2025	2,959,162	532,231	-	-	375,000	29,952
2026-2030	8,300,736	1,016,387	-	-	405,000	15,552
2031-2035	1,075,000	236,500	-	-	-	-
2036-2040	860,000	64,500	-	-	-	-
	<u>\$ 24,466,811</u>	<u>\$ 5,050,476</u>	<u>\$ 235,000</u>	<u>\$ 10,794</u>	<u>\$ 2,025,000</u>	<u>\$ 289,536</u>

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Business-Type Activities</i> <i>Bonds Payable</i>		<i>Business-Type Activities</i> <i>Bonds and Loans</i> <i>from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2021	\$ 106,234	\$ 14,073	\$ 247,277
2022	105,233	10,867	278,715	66,032
2023	55,838	8,152	282,787	59,067
2024	55,837	5,919	252,495	51,801
2025	55,838	4,244	257,976	46,240
2026-2030	184,264	6,338	1,366,488	138,539
2031-2035	-	-	214,543	74,419
2036-2040	-	-	195,949	30,860
	<u>\$ 563,244</u>	<u>\$ 49,593</u>	<u>\$ 3,096,230</u>	<u>\$ 539,209</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Financial Statements

June 30, 2020

C. SCHEDULE OF BONDS AND LOANS PAYABLE

<i>Purpose</i>	<i>Date Issued</i>	<i>Interest Rate</i>	<i>Maturity Date</i>	<i>Authorized and Issued</i>	<i>Outstanding June 30, 2019</i>	<i>New Issues</i>	<i>Refundings/ Maturities During Year</i>	<i>Outstanding June 30, 2020</i>
Governmental Activities:								
Bonds and loans payable:								
Refunding bond	6/12/2012	1.89%	10/15/2021	\$ 2,068,000	\$ 592,055	\$ -	\$ 204,000	\$ 388,055
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	1,441,624	1,351,522	-	147,766	1,203,756
General obligation bond	6/30/2016	2.00-4.00%	6/15/2026	7,350,000	5,360,000	-	700,000	4,660,000
Refunding loan	8/10/2016	2.00-5.00%	5/15/2028	17,115,000	15,580,000	-	1,450,000	14,130,000
School general obligation bond	5/16/2019	3.00-4.00%	5/15/2039	4,300,000	4,300,000	-	215,000	4,085,000
Bonds from direct placements:								
General obligation bond	12/30/2013	2.25%	12/15/2023	545,000	290,000	-	55,000	235,000
Loans from direct borrowings:								
School loan	9/2/2010	3.84%	4/1/2026	3,550,000	2,275,000	-	250,000	2,025,000
Total Governmental Activities				<u>36,369,624</u>	<u>29,748,577</u>	<u>-</u>	<u>3,021,766</u>	<u>26,726,811</u>
Business-Type Activities:								
Water Fund:								
Bonds payable:								
Refunding bond	6/12/2012	1.89%	10/15/2021	517,000	148,000	-	51,000	97,000
Bonds and loans from direct borrowings:								
Water bond	5/11/1982	5.00%	5/11/2022	50,000	7,802	-	2,517	5,285
Water bond	5/16/1995	6.00%	5/16/2020	500,000	35,462	-	35,462	-
Water bond	8/26/1999	5.00%	8/26/2039	790,900	590,569	-	16,549	574,020
Shell oil bond	9/16/1997	5.50%	9/16/2022	500,000	130,343	-	30,090	100,253
Water loan	5/21/2020	0.77-1.20%	9/1/2030	1,400,000	-	550,000	-	550,000
				<u>3,757,900</u>	<u>912,176</u>	<u>550,000</u>	<u>135,618</u>	<u>1,326,558</u>
Sewer Fund:								
Bonds payable:								
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	558,376	523,477	-	57,233	466,244
Bonds and loans from direct borrowings:								
Mendon road project #1 bond	12/18/1990	7.25%	12/18/2020	303,000	42,606	-	21,765	20,841
Mendon road project #2 bond	4/7/1992	6.625%	4/7/2021	60,000	8,264	-	4,149	4,115
Clean water revolving loan	10/6/2009	0.49-1.93%	9/1/2029	4,750,000	2,005,909	-	164,193	1,841,716
				<u>5,671,376</u>	<u>2,580,256</u>	<u>-</u>	<u>247,340</u>	<u>2,332,916</u>
Total Business-Type Activities				<u>9,429,276</u>	<u>3,492,432</u>	<u>550,000</u>	<u>382,958</u>	<u>3,659,474</u>
 Total Bonds and Loans Payable				<u>\$ 45,798,900</u>	<u>\$ 33,241,009</u>	<u>\$ 550,000</u>	<u>\$ 3,404,724</u>	<u>\$ 30,386,285</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2020 were as follows:

	<i>Due From:</i>					<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Water Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Due To:</i>						
General Fund	\$ 109,952	\$ -	\$ 8,825	\$ 47,219	\$ 900,215	\$ 1,066,211
School Unrestricted Fund	330,902	-	456,880	-	-	787,782
Town Building Bond	10,000	-	-	-	-	10,000
Nonmajor Governmental Funds	1,200,948	114,704	-	-	-	1,315,652
Water Fund	266,935	-	-	-	-	266,935
Sewer Fund	33,814	-	-	-	-	33,814
Agency Funds	31,713	-	-	-	-	31,713
Total	<u>\$ 1,984,264</u>	<u>\$ 114,704</u>	<u>\$ 465,705</u>	<u>\$ 47,219</u>	<u>\$ 900,215</u>	<u>\$ 3,512,107</u>

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

NOTE 9 – INTERFUND TRANSFERS

	<i>Transfer From:</i>			<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Transfer To:</i>				
School Unrestricted Fund	\$ 20,255,890	\$ -	\$ -	\$ 20,255,890
Nonmajor Governmental Funds	103,858	1,639,337	-	1,743,195
Sewer Fund	-	-	94,839	94,839
Total	<u>\$ 20,359,748</u>	<u>\$ 1,639,337</u>	<u>\$ 94,839</u>	<u>\$ 22,093,924</u>

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

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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<u>Fund/Description</u>	<u>Allowance for Doubtful Accounts</u>
Governmental Activities/General Fund – Real estate and personal property tax receivable	\$803,644
Governmental Activities – Accrued interest receivable	\$404,752
Business-Type Activities/Water Fund – Use fees receivable	\$1,708
Business-Type Activities/Sewer Fund – Use fees receivable	\$4,466
Business-Type Activities/Sewer Fund – Sewer assessments receivable	\$2,421

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2020, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 224,951	\$ 137,051	\$ -	\$ 362,002
School Unrestricted Fund	178,570	360,755	-	539,325
Town Building Bond	589,928	-	-	589,928
School Building Bond	107,996	-	-	107,996
Nonmajor Governmental Funds	13,683	-	-	13,683
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	54,495	54,495
Total Governmental Activities	\$ 1,115,128	\$ 497,806	\$ 54,495	\$ 1,667,429
Business-Type Activities:				
Water Fund	\$ 866,200	\$ 721	\$ 100,356	\$ 967,277
Sewer Fund	34,567	4,086	-	38,653
Total Business-Type Activities	\$ 900,767	\$ 4,807	\$ 100,356	\$ 1,005,930

NOTE 11 – NET POSITION/FUND BALANCES

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

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

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

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

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

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

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

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

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

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

Committed fund balances are established, modified or rescinded by an ordinance or resolution adopted by the Town Council. Assigned fund balances are authorized by the Town Council or an official that the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

The Town has established the following fund balance policies:

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 – DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The total fund balances for Governmental Funds of \$14,582,560 differs from the total net position for Governmental Activities \$14,820,561 reported in the Statement of Net Position. The differences arise primarily from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Governmental Funds Balance Sheet. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Position:

	Total Governmental Funds	Long-Term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Position Totals
Assets:				
Cash and cash equivalents	\$ 14,888,915	\$ -	\$ -	\$ 14,888,915
Real and personal property				
tax receivable, net	1,332,908	-	-	1,332,908
Due from federal and state governments	520,209	-	-	520,209
Accrued interest receivable, net	-	391,200	-	391,200
Other receivables	78,486	-	-	78,486
Internal balances	3,179,645	-	(2,532,960)	646,685
Inventory	11,450	-	-	11,450
Capital assets, net	-	57,326,137	-	57,326,137
Net pension asset	-	2,973,584	-	2,973,584
Total assets	\$ 20,011,613	\$ 60,690,921	\$ (2,532,960)	\$ 78,169,574
Total deferred outflows of resources	\$ -	\$ 9,328,189	\$ -	\$ 9,328,189
Liabilities:				
Accounts payable and accrued expenditures	\$ 1,612,934	\$ -	\$ 54,495	\$ 1,667,429
Accrued interest payable	-	134,201	-	134,201
Internal balances	2,564,673	-	(2,564,673)	-
Unearned revenue	75,719	-	-	75,719
Other liabilities	22,782	-	(22,782)	-
Long-term liabilities:				
Due within one year	-	3,133,067	-	3,133,067
Due in more than one year	-	63,610,592	-	63,610,592
Total liabilities	\$ 4,276,108	\$ 66,877,860	\$ (2,532,960)	\$ 68,621,008
Total deferred inflows of resources	\$ 1,152,945	\$ 2,903,249	\$ -	\$ 4,056,194
Total fund balances/net position	\$ 14,582,560	\$ 238,001	\$ -	\$ 14,820,561

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Cost of capital assets	\$ 114,496,490
Accumulated depreciation	(57,170,353)
	\$ 57,326,137

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

Adjustment of deferred revenue	\$ (1,152,945)
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Accrued interest receivable on property taxes is reported as revenue in the Government-Wide financial statements in the period earned and in the Governmental Funds when received.

	\$ 391,200
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Long-term liabilities (assets) applicable to the Town's Governmental Activities are not due and payable in the current period and accordingly are not reported as fund assets or liabilities. All assets and liabilities, both current and long-term, are reported in the Statement of Net Position. Deferred inflows and outflows related to long-term liabilities (assets) are also not reported in the Governmental Funds.

Bonds and loans payable	\$ 29,573,573
Accrued compensated absences	1,169,313
Settlements payable	100,100
Net OPEB liabilities	9,719,447
Net pension liabilities	26,181,226
Accrued interest payable	134,201
	\$ 66,877,860
Deferred outflows - refunding	\$ 1,022,253
Net pension asset	\$ 2,973,584
Deferred outflows - pension	\$ 6,964,597
Deferred outflows - OPEB	1,341,339
	\$ 8,305,936
Deferred inflows - pension	\$ 3,112,219
Deferred inflows - OPEB	943,975
	\$ 4,056,194

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

The net change in the fund balances for Governmental Funds of \$(4,417,418) differs from the change in net position for Governmental Activities \$2,182,393 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the Governmental Funds. The effect of the differences is illustrated below.

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

	<u>Total Governmental Funds</u>	<u>Long-Term Revenues/ Expenses (1)</u>	<u>Capital- Related Items (2)</u>	<u>Long-Term Liability Transactions (3)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities Totals</u>
Revenues:						
Property taxes	\$ 34,822,754	\$ 54,769	\$ -	\$ -	\$ -	\$ 34,877,523
Motor vehicle excise in lieu of tax	1,619,876	-	-	-	(1,619,876)	-
Intergovernmental and grant revenue	10,421,647	509,488	-	-	1,673,745	12,604,880
Town clerk licenses and fees	394,787	-	-	-	-	394,787
Other departmental fines and fees	788,551	-	-	-	864,196	1,652,747
Investment and interest income	224,431	-	-	-	-	224,431
Other revenues	991,877	(1)	-	-	(918,065)	73,811
Total revenues	<u>49,263,923</u>	<u>564,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,828,179</u>
Expenditures:						
Current:						
General government	1,419,614	-	165,007	39,004	312,876	1,936,501
Financial administration	885,117	-	-	92,434	170,667	1,148,218
Public safety	6,474,240	-	212,951	614,202	1,153,358	8,454,751
Public works	2,473,529	-	422,907	124,711	333,338	3,354,485
Fixed charges	2,446,173	-	-	(660,934)	(1,785,239)	-
Grants and contributions	12,118	-	-	-	-	12,118
Education	28,622,482	509,488	1,515,996	1,188,327	4,300	31,840,593
Other	23,177	-	-	-	(23,177)	-
Capital outlay	7,157,938	-	(6,991,816)	-	(166,122)	-
Debt service:						
Principal	3,021,767	-	-	(3,021,766)	(1)	-
Interest	1,145,186	(26,107)	-	(219,959)	-	899,120
Total expenditures	<u>53,681,341</u>	<u>483,381</u>	<u>(4,674,955)</u>	<u>(1,843,981)</u>	<u>-</u>	<u>47,645,786</u>
Other financing sources (uses):						
Transfer from (to) other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ (4,417,418)</u>	<u>\$ 80,875</u>	<u>\$ 4,674,955</u>	<u>\$ 1,843,981</u>	<u>\$ -</u>	<u>\$ 2,182,393</u>

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

Change in deferred property taxes	\$ 48,434
Change in accrued interest receivable	6,335
Change in other deferred revenues	(1)
	\$ 54,768

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

Change in accrued interest payable	\$ (26,107)
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Change in on-behalf pension payments made by the State related to recording the net pension liability in the Government-Wide Statement of Activities.

Change in intergovernmental and grant revenue	\$ 509,488
Change in education expense	\$ 509,488

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

Capital outlay	\$ (7,090,896)
Depreciation expense	2,415,941
	\$ (4,674,955)

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

Bond and loan principal payments made	\$ (3,021,766)
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Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements.

Amortization of premium on long-term debt	\$ (346,667)
Amortization of deferred amounts on refunding	126,708
	\$ (219,959)

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

Net increase in compensated absences	\$ 13,205
Net change in net OPEB liabilities and related deferred outflows/inflows	135,802
Net change in net pension liabilities (assets) and related deferred outflows/inflows	1,248,737
	\$ 1,397,744

NOTE 13 – RISK MANAGEMENT

The Town of North Smithfield is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

NOTE 14 – LITIGATION AND CONTINGENCIES

A. LITIGATION

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

B. FEDERALLY FUNDED PROGRAMS

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

C. COMMITMENTS

The Town has the following contract commitments as of June 30, 2020: School Building projects totaling \$249,388 and Water projects totaling \$452,167.

NOTE 15 – OTHER POST EMPLOYMENT BENEFIT PLANS

A. TOWN PLAN

Plan Description

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

Plan Membership - As of June 30, 2020, the plan membership data is as follows:

Active employees	67
Inactive employees receiving benefits	21
	88

Benefits Provided - The plan provides medical and dental insurance for eligible retirees and their dependents through the Town’s group insurance plans, which cover both active and retired

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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members. Benefit provisions are established and amended by the union contracts through negotiations between the Town and the respective unions. The plan provides the following benefits based on employee group upon retirement:

- **Police Officers** – Medical and dental coverage (single or family) for police officers who were hired on or before June 30, 2022 and retire on or after June 30, 1990 until the retiree secures employment with equivalent coverage or until Medicare eligible. Police officers hired on or after July 1, 2022 will be provided with single coverage only upon retirement. Effective July 1, 2007, the retiree will receive the same coverage in effect at the date of retirement and will continue to pay any co-share in effect at the date of retirement. Members who retire before July 1, 2007 will not contribute to the cost of coverage.
- **Local 937 Municipal and Public Works Employees** – Medical and dental coverage (single or family) for employees hired prior to July 1, 2005 who retire with 20 years of service. Coverage will continue for a period of 5 years from date of retirement.

Contributions - Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical and dental benefits, less the amount of any applicable retiree share of premiums. For the year ended June 30, 2020, the Town's contribution was based on the current year cost of retiree benefits plus amounts committed for OPEB in the current fiscal year and prior fiscal years. For the fiscal year ended June 30, 2020, the Town contributed \$660,934 to the plan. Administrative costs are paid from plan assets.

Summary of Significant Accounting Policies

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

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

Investments

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

Rate of Return – For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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JUNE 30, 2020

Net OPEB Liability of the Town Plan

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

Total OPEB Liability	\$6,170,314
OPEB Plan Fiduciary Net Position	(1,056,150)
Net OPEB Liability	<u>\$5,114,164</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	17.12%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2020, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method		
Salary Increases	3% per annum		
Inflation	3% per annum		
Discount Rate	2.66% (prior valuation - 2.79%)		
Mortality	RP-2006 mortality table with MP-20119 projection (prior valuation - RP-2014 mortality table with MP-2016 projection)		
Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

Discount Rate – The discount rate used to measure the OPEB liability was 2.66% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that the plan was unfunded since the Trust Fund assets are low compared to the liabilities. Based on those assumptions, the Town Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The municipal bond rate of 2.66% (S&P Municipal Bond 20-year High Grade Rate Index) was applied to all years in the analysis. The prior valuation used a discount rate of 2.79%.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Town Plan - Changes in the Net OPEB Liability

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability</i>
<i>Balances as of June 30, 2019</i>	\$6,191,646	\$751,591	\$5,440,055
Changes for the Year:			
Service cost	247,948	-	247,948
Interest on the total OPEB liability	167,014	-	167,014
Changes in benefits	-	-	-
Difference between expected and actual experience	(117,148)	-	(117,148)
Changes in assumptions	91,788	-	91,788
Employer contributions	-	660,934	(660,934)
Plan member contributions	-	-	-
Net investment income	-	54,559	(54,559)
Benefit payments, including employee refunds	(410,934)	(410,934)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	(21,332)	304,559	(325,891)
<i>Balances as of June 30, 2020</i>	\$6,170,314	\$1,056,150	\$5,114,164

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (1.66%) and 1-percentage-point higher (3.66%) than the current discount rate:

	<i>1% Decrease (1.66%)</i>	<i>Current Discount Rate (2.66%)</i>	<i>1% Increase (3.66%)</i>
Net OPEB Liability	\$5,820,367	\$5,114,164	\$4,407,960

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

	<i>1% Decrease (7% decreasing to 4%)</i>	<i>Current Healthcare Cost Trend Rates (8% decreasing to 5%)</i>	<i>1% Increase (9% decreasing to 6%)</i>
Net OPEB Liability	\$4,491,967	\$5,114,164	\$5,852,503

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$424,674. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$477,419	\$269,892
Change of assumptions	185,861	-
Net difference between projected and actual earnings on OPEB plan investments	2,898	43,301
<i>Total</i>	\$666,178	\$313,193

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

Year ended June 30:

2021	\$30,681
2022	30,681
2023	29,231
2024	34,707
2025	41,425
Thereafter	186,260

B. SCHOOL PLAN

Plan Description

Plan Administration - The North Smithfield School Department's defined benefit OPEB plan (the plan) provides OPEB for certified teachers and support staff of the School Department. The plan is a single-employer defined benefit OPEB plan administered by the School Department. Benefit terms and financing requirements are established and amended by the union contracts through negotiations between the School Department and the respective unions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership - As of June 30, 2020, the following employees were covered by the benefit terms:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Active employees	219
Inactive employees receiving benefits	5
	224

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

- *Certified Teachers* – For employees retiring on or after the completion of the 1997-1998 school year with 25 or more years of service in North Smithfield, individual health and dental insurance for a maximum period of 7 years from retirement, but in no event beyond the date the retiree attains age 65. For employees retiring upon the completion of the 2019-2020 school year only who are at least 58 years of age and have between 10 and 14 years of service in North Smithfield, individual health and dental insurance for a maximum period of 3 years from retirement, but in no event beyond the date the retiree attains age 65. For employees retiring upon the completion of the 2019-2020 school year only who are at least 58 years of age and have between 15 and 24 years of service in North Smithfield, individual health and dental insurance for a maximum period of 5 years from retirement, but in no event beyond the date the retiree attains age 65. Retirees receive the same health and dental insurance and shall contribute the same cost share as contributed by employees per the union agreement and successive union agreements. Benefits shall terminate if the retiree or spouse secures employment with comparable coverage or if the retiree becomes eligible for Medicare.
- *Support Staff* – For retirees who have completed 15 or more years of service, individual health insurance for a maximum period of 5 years from retirement, but in no event beyond the date the retiree attains age 65. Retirees receive the same health insurance and shall contribute the same cost share as contributed by employees per the union agreement and successive union agreements. Eligible retirees may obtain a family plan from the School Department if the retiree pays the difference between the individual and family plan. The family plan is available until the earlier of the retiree’s or spouse’s attainment of age 65. Benefits shall terminate if the retiree or spouse secures employment with comparable coverage or if the retiree becomes eligible for Medicare.

Total OPEB Liability of the School Plan

The School Department’s total OPEB liability of \$4,605,283 was measured as of June 30, 2020, the measurement date, and was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2020.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions – The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method		
Salary Increases	3% per annum		
Inflation	3% per annum		
Discount Rate	2.66% (prior valuation - 2.79%)		
Mortality	RP-2006 mortality table with MP-2019 projection (prior valuation - RP-2014 mortality table with MP-2016 projection)		
Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index. The prior valuation used a discount rate of 2.79%.

School Plan - Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at of June 30, 2019	\$4,831,489
Changes for the Year:	
Service cost	265,018
Interest on the total OPEB liability	134,182
Changes of benefit terms	-
Difference between expected and actual experience	(688,126)
Changes in assumptions and other inputs	106,899
Benefit payments	(44,179)
Net change	<u>(226,206)</u>
Balance at of June 30, 2020	<u><u>\$4,605,283</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School Department, as well as what the School Department's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (1.66%) and 1-percentage-point higher (3.66%) than the current discount rate:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
	<u><i>(1.66%)</i></u>	<u><i>(2.66%)</i></u>	<u><i>(3.66%)</i></u>
Total OPEB Liability	\$5,427,371	\$4,605,283	\$3,783,195

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

	<i>1% Decrease</i>	<i>Current Healthcare Cost Trend Rates</i>	<i>1% Increase</i>
	<u><i>(7% decreasing to 4%)</i></u>	<u><i>(8% decreasing to 5%)</i></u>	<u><i>(9% decreasing to 6%)</i></u>
Total OPEB Liability	\$3,823,303	\$4,605,283	\$5,550,608

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

For the year ended June 30, 2020, the School Department recognized OPEB expense of \$416,241. At June 30, 2020, the School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u><i>Deferred Outflows of Resources</i></u>	<u><i>Deferred Inflows of Resources</i></u>
Differences between expected and actual experience	\$431,000	\$630,782
Change of assumptions	244,161	-
<i>Total</i>	<u><u>\$675,161</u></u>	<u><u>\$630,782</u></u>

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

Year ended June 30:

2021	\$17,041
2022	17,041
2023	17,041
2024	17,041
2025	17,041
Thereafter	(40,826)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – OPEB Amounts</i>	<i>Deferred Inflows of Resources – OPEB Amounts</i>	<i>Net OPEB Liability</i>	<i>OPEB Expense</i>
Town Plan	\$666,178	\$313,193	\$5,114,164	\$424,674
School Plan	675,161	630,782	4,605,283	416,241
Total	\$1,341,339	\$943,975	\$9,719,447	\$840,915

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plan

General Information about the Pension Plan

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

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2020, North Smithfield School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the North Smithfield School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the North Smithfield School Department; the rates were 10.49% and 14.12% of annual covered payroll for the fiscal year ended June 30, 2020 for the State and the North Smithfield School Department, respectively. The North Smithfield School Department contributed \$1,840,604, \$1,757,474, and \$1,685,417 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,340,970 for fiscal year 2020 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2020, the North Smithfield School Department reported a liability of \$22,266,927 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the North Smithfield School Department as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the North Smithfield School Department were as follows:

North Smithfield School Department's proportionate share of the net pension liability	\$22,266,927
State's proportionate share of the net pension liability associated with the North Smithfield School Department	<u>16,680,234</u>
<i>Total net pension liability</i>	<u><u>\$38,947,161</u></u>

The net pension liability was measured as of June 30, 2019, the measurement date, and the total

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pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The North Smithfield School Department's proportion of the net pension liability was based on a projection of the North Smithfield School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2019 the North Smithfield School Department's proportion was 0.69785462%.

For the year ended June 30, 2020, the North Smithfield School Department recognized in the Government-Wide financial statements gross pension expense of \$4,210,494 and revenue of \$1,850,459 for support provided by the State. At June 30, 2020, the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred outflows of resources:</i>	
Contributions subsequent to the measurement date	\$1,840,604
Change of assumptions	1,302,967
Differences between expected and actual experience	271,154
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>1,278,247</u>
<i>Total</i>	<u><u>\$4,692,972</u></u>
<i>Deferred inflows of resources:</i>	
Change of assumptions	\$175,739
Differences between expected and actual experience	371,857
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,021,227
Net difference between projected and actual earnings on pension plan investments	<u>35,039</u>
<i>Total</i>	<u><u>\$1,603,862</u></u>

\$1,840,604 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2021	\$340,488
2022	(45,570)
2023	273,323
2024	382,277
2025	287,544
Thereafter	10,444

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

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

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

The actuarial assumptions used in the June 30, 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.

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, 2019 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Sub-total	<u>40.00%</u>	
Private Growth		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Sub-total	<u>15.00%</u>	
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%
Sub-total	<u>8.00%</u>	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Sub-total	<u>8.00%</u>	
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%
Sub-total	<u>8.00%</u>	
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
Sub-total	<u>21.00%</u>	
Total	<u><u>100.00%</u></u>	

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.0 percent as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease	Current Discount Rate	1.00 Increase
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$27,518,137	\$22,266,927	\$17,968,283

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

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Employees contribute 7% of their annual covered salary and employers contribute between 3% and 3.5% of annual covered salary depending on the employee’s total years of service as of June 30, 2012. The employer contribution is split between the State and the school department. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The North Smithfield School Department recognized pension expense of \$375,795 for the fiscal year ended June 30, 2020. For financial reporting purposes, the State’s share of contributions totaling \$54,960 for fiscal year 2020 are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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

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B. TEACHERS' SURVIVOR BENEFIT PLAN

General Information about the Pension Plan

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

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

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

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

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

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

<u>Highest Annual Salary</u>	<u>Basic Monthly Spouse's Benefit</u>
\$17,000 or less	\$825.00
\$17,001 to \$25,000	\$962.50

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

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

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

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$11,500; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The North Smithfield School Department contributed \$18,825, \$19,550, and \$19,613, for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2020 the North Smithfield School Department reported an asset of \$2,973,584 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2019, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The North Smithfield School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2019 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2019 the North Smithfield School Department's proportion was 2.62114869%.

For the year ended June 30, 2020 the North Smithfield School Department recognized pension expense of \$(64) – an increase in the net pension asset. At June 30, 2020 the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Deferred outflows of resources:

Contributions subsequent to the measurement date	\$18,825
Change of assumptions	259,103
Difference between expected and actual experience	324,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>138,021</u>
Total	<u>\$740,002</u>

Deferred inflows of resources:

Difference between expected and actual experience	\$789,727
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,599
Net difference between projected and actual earnings on pension plan investments	<u>29,283</u>
Total	<u>\$898,609</u>

\$18,825 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department's contributions in fiscal year 2020 subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$52,417
2022	(61,938)
2023	1,406
2024	17,239
2025	(43,628)
Thereafter	(142,928)

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

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation 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.

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, 2019 expected arithmetic returns over the long-term (20 years) by asset class, are summarized in the following table:

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Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Sub-total	15.00%	
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%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Sub-total	8.00%	
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%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
Sub-total	21.00%	
Total	100.00%	

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on

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

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.0 percent as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

<i>1.00% Decrease</i>	<i>Current Discount</i>	<i>1.00 Increase</i>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$2,291,419	\$2,973,584	\$3,481,508

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

C. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plans

General Information about the Pension Plan

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

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

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

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officers that participate in the MERS Plan.

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

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

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

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

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

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

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

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

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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.

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

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

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

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

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

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

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

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75% of the member's FAC. The Town of North Smithfield has elected to participate in the 20-year retirement provision.

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

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

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

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

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

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

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

Employees Covered by Benefit Terms - At the June 30, 2018 valuation date, the following employees were covered by the benefit terms:

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	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
Retirees and Beneficiaries	73	22
Inactive, Nonretired Members	72	5
Active Members	99	25
Total	244	52

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Police officers are required to contribute 10% of their salaries. The Town of North Smithfield contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of North Smithfield contributed the following amounts in the year ended June 30, 2020: general employees plan - \$205,382 and police officers plan - \$457,315. The Town's contributions represented the following percentages of annual covered payroll: general employees plan - 4.85%; and police officers plan - 23.65%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2018 and rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

<i>Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2019 Measurement Date (June 30, 2018 valuation rolled forward to June 30, 2019)</i>	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used
Amortization Method	Level Percent of Payroll - Closed
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	General Employees - 3.5% to 7.5% ; Police Officers - 4.0% to 14.0%
Inflation	2.5%
Mortality	Variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014

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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.

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, 2019 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
Opportunistic Private Credit	1.50%	9.81%
Sub-total	15.00%	
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%
Sub-total	8.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
Sub-total	8.00%	
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%
Sub-total	8.00%	
Volatility Protection		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
Sub-total	21.00%	
Total	100.00%	

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

Discount Rate - The discount rate used to measure the total pension liability of the plans was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension (Asset) Liability</i>
Balances as of June 30, 2018	\$15,308,154	\$15,401,376	\$(93,222)
Changes for the Year:			
Service cost	370,138	-	370,138
Interest on the total pension liability	1,052,631	-	1,052,631
Changes in benefits	-	-	-
Difference between expected and actual experience	65,207	-	65,207
Changes in assumptions	-	-	-
Employer contributions	-	236,973	(236,973)
Employee contributions	-	107,390	(107,390)
Net investment income	-	977,938	(977,938)
Benefit payments, including employee refunds	(911,268)	(911,268)	-
Administrative expense	-	(15,283)	15,283
Other changes	-	(3,123)	3,123
Net changes	576,708	392,627	184,081
Balances as of June 30, 2019	\$15,884,862	\$15,794,003	\$90,859

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Police Officers Plan
Changes in the Net Pension Liability

	<i>Increase (Decrease)</i>		
	<i>Plan</i>		
	<i>Total Pension Liability</i>	<i>Fiduciary Net Position</i>	<i>Net Pension Liability</i>
Balances as of June 30, 2018	\$13,783,687	\$9,935,415	\$3,848,272
Changes for the Year:			
Service cost	361,594	-	361,594
Interest on the total pension liability	951,218	-	951,218
Changes in benefits	-	-	-
Difference between expected and actual experience	(182,868)	-	(182,868)
Changes in assumptions	-	-	-
Employer contributions	-	380,133	(380,133)
Employee contributions	-	179,988	(179,988)
Net investment income	-	640,166	(640,166)
Benefit payments, including employee refunds	(751,310)	(751,310)	-
Administrative expense	-	(10,004)	10,004
Other changes	-	(35,507)	35,507
Net changes	378,634	403,466	(24,832)
Balances as of June 30, 2019	\$14,162,321	\$10,338,881	\$3,823,440

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the employer calculated using the discount rate of 7.0 percent, as well as what the employer's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

<i>Plan</i>	<i>Current Discount</i>		
	<i>1.00% Decrease (6.0%)</i>	<i>Rate (7.0%)</i>	<i>1.00 Increase (8.0%)</i>
General Employees	\$1,773,846	\$90,859	\$(1,286,677)
Police Officers	\$5,317,479	\$3,823,440	\$2,600,612

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

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

For the year ended June 30, 2020 the Town recognized pension expense as follows: general employees plan - \$763,304; and police officers plan - \$647,588. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
<i>Deferred outflows of resources:</i>		
Assumption changes	\$179,235	\$446,972
Difference between expected and actual experience	239,058	3,661
Contributions subsequent to the measurement date	205,382	457,315
<i>Total</i>	\$623,675	\$907,948
 <i>Deferred inflows of resources:</i>		
Assumption changes	\$ -	\$20,812
Difference between expected and actual experience	171,540	353,202
Net difference between projected and actual investment earnings	36,100	28,094
<i>Total</i>	\$207,640	\$402,108

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2020 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<i>Net Deferred Outflows/(Inflows) of Resources</i>	
<i>Year Ending June 30</i>	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
2021	\$384,080	\$66,698
2022	(182,889)	(66,215)
2023	(11,057)	6,691
2024	20,519	29,585
2025	-	34,140
Thereafter	-	(22,374)

Defined Contribution Plan

Plan Description

Certain general employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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JUNE 30, 2020

401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Certain general employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on years of service. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town of North Smithfield recognized pension expense of \$42,910 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. This report may be obtained by accessing the ERSRI website at <http://www.ersri.org>.

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – Pension Amounts</i>	<i>Deferred Inflows of Resources – Pension Amounts</i>	<i>Net Pension Asset</i>	<i>Net Pension Liability</i>	<i>Pension Expense</i>
Employees’ Retirement System Plan	\$4,692,972	\$1,603,862	\$ -	\$22,266,927	\$4,210,494
Teachers’ Survivor Benefits Plan	740,002	898,609	2,973,584	-	(64)
General Employees Plan	623,675	207,640	-	90,859	763,304
Police Officers Plan	907,948	402,108	-	3,823,440	647,588
Total	<u>\$6,964,597</u>	<u>\$3,112,219</u>	<u>\$2,973,584</u>	<u>\$26,181,226</u>	<u>\$5,621,322</u>

NOTE 17 – OPERATING LEASES

The Town leases certain equipment under noncancellable operating leases expiring in September 2023. At June 30, 2020, future minimum lease payments are as follows:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Year Ending June 30,

2021	\$29,669
2022	22,976
2023	11,778
2024	2,945
	\$67,368

Rental expenditures for operating leases for the year ended June 30, 2020 totaled \$44,471.

NOTE 18 – TAX ABATEMENTS

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

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

The Town had two taxpayers participating in the tax stabilization program in fiscal year 2020.

<u><i>Effective Date</i></u>	<u><i>Term</i></u>	<u><i>Tangible Property Abatement Granted Fiscal Year 2020</i></u>
12/1/2014	20 years	\$55,500
12/31/2016	20 years	\$85,531

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

public hearing and after the public hearing make a determination to grant or deny the tax exemption or stabilization. The granting of the exemption or stabilization will inure to the benefit of the Town by reason of:

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

The Town has one taxpayer participating in the tax stabilization program. A five-year tax stabilization agreement for tangible property was granted on March 19, 2018 and became effective with the fiscal year 2020 tax bill. The tangible property abatement granted in fiscal year 2020 was \$27,452.

NOTE 19 - RESTATEMENTS

The Town reported the following restatement in the Government-Wide and Governmental Funds financial statements:

	<i>Governmental Activities</i>	<i>Governmental Funds – Other Nonmajor Governmental Funds</i>
Net position/fund balance June 30, 2019, as previously reported	\$12,631,868	\$1,201,521
Correct revenue	6,300	6,300
Net position/fund balance June 30, 2019, as restated	\$12,638,168	\$1,207,821

NOTE 20 – UNCERTAINTIES

The United States and State of Rhode Island declared a State of Emergency in March 2020 due to the global Coronavirus Disease (COVID-19) pandemic. In the weeks and months following the declaration, precautionary measures to slow the spread of the virus were ordered that have affected the Town’s operations in fiscal year 2020. The length of time these measures will be in place and the extent of any future financial impact to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of Town Contributions – OPEB Plan

Schedule of Investment Returns – OPEB Plan

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

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

Schedule of Town Contributions – Pension Plans

Budgetary Comparison Schedules - General Fund & School Unrestricted Fund

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Town Other Post Employment Benefit (OPEB) Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 247,948	\$ 209,996	\$ 213,275
Interest	167,014	157,289	162,163
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(117,148)	583,511	(226,133)
Changes of assumptions	91,788	126,198	-
Benefits payments	(410,934)	(327,084)	(298,581)
Net change in total OPEB liability	<u>(21,332)</u>	<u>749,910</u>	<u>(149,276)</u>
Total OPEB liability - beginning	<u>6,191,646</u>	<u>5,441,736</u>	<u>5,591,012</u>
Total OPEB liability - ending (a)	<u>\$ 6,170,314</u>	<u>\$ 6,191,646</u>	<u>\$ 5,441,736</u>
Plan fiduciary net position:			
Contributions - employer	\$ 660,934	\$ 527,084	\$ 804,219
Net investment income	54,559	42,550	3,403
Benefits payments	(410,934)	(327,084)	(298,581)
Administrative expense	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	<u>304,559</u>	<u>242,550</u>	<u>509,041</u>
Plan fiduciary net position - beginning	<u>751,591</u>	<u>509,041</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,056,150</u>	<u>\$ 751,591</u>	<u>\$ 509,041</u>
Town's net OPEB liability - ending (a) - (b)	<u>\$ 5,114,164</u>	<u>\$ 5,440,055</u>	<u>\$ 4,932,695</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	12.14%	9.35%
Covered employee payroll	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Net OPEB liability (asset) as a percentage of covered employee payroll	115.63%	127.10%	118.49%

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information
School Other Post Employment Benefit (OPEB) Plan
Schedule of Changes in the Total OPEB Liability and Related Ratios (1) (2)
"Unaudited"

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 265,018	\$ 224,452	\$ 229,225
Interest	134,182	116,904	104,115
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(688,126)	408,211	133,387
Changes of assumptions	106,899	178,652	-
Benefits payments	(44,179)	(39,359)	(35,769)
Net change in total OPEB liability	<u>(226,206)</u>	<u>888,860</u>	<u>430,958</u>
Total OPEB liability - beginning	<u>4,831,489</u>	<u>3,942,629</u>	<u>3,511,671</u>
Total OPEB liability - ending	<u><u>\$ 4,605,283</u></u>	<u><u>\$ 4,831,489</u></u>	<u><u>\$ 3,942,629</u></u>
Covered employee payroll	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Total OPEB liability as a percentage of covered employee payroll	29.44%	30.56%	25.28%

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

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>			
Actuarially determined contribution	\$ 656,087	\$ 540,938	\$ 588,384
Contributions in relation to the actuarially determined contribution	660,934	527,084	804,219
Contribution deficiency (excess)	<u>\$ (4,847)</u>	<u>\$ 13,854</u>	<u>\$ (215,835)</u>
Covered employee payroll	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Contributions as a percentage of covered employee payroll	14.94%	12.31%	19.32%
<u>School OPEB Plan</u>			
Actuarially determined contribution	\$ 583,498	\$ 488,969	\$ 464,828
Contributions in relation to the actuarially determined contribution	44,179	39,359	35,769
Contribution deficiency (excess)	<u>\$ 539,319</u>	<u>\$ 449,610</u>	<u>\$ 429,059</u>
Covered employee payroll	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Contributions as a percentage of covered employee payroll	0.28%	0.25%	0.23%

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Required Supplementary Information - Town Other Post Employment Benefit (OPEB) Plan
Schedule of Investment Returns (1)
"Unaudited"

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>			
Annual money-weighted rate of return, net of investment expense	5.63%	6.47%	1.43%

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

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

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

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.69785462%	0.70081983%	0.64346444%	0.69273594%	0.68486334%	0.70243536%
Town's proportionate share of the net pension liability	\$ 22,266,927	\$ 22,266,785	\$ 20,295,425	\$ 20,668,314	\$ 18,854,306	\$ 17,097,279
State's proportionate share of the net pension liability associated with the Town	<u>16,680,234</u>	<u>16,609,422</u>	<u>15,338,465</u>	<u>14,154,760</u>	<u>12,880,670</u>	<u>11,724,392</u>
Total	<u>\$ 38,947,161</u>	<u>\$ 38,876,207</u>	<u>\$ 35,633,890</u>	<u>\$ 34,823,074</u>	<u>\$ 31,734,976</u>	<u>\$ 28,821,671</u>
Town's covered payroll	\$ 12,952,332	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.91%	176.03%	168.21%	172.94%	161.51%	144.38%
Plan fiduciary net position as a percentage of the total pension liability	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

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

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

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

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	2.62114869%	2.63602381%	2.53880669%	2.67548651%	2.71030550%	2.69832872%
Town's proportionate share of the net pension asset	\$ 2,973,584	\$ 2,352,105	\$ 2,100,264	\$ 2,664,032	\$ 2,530,222	\$ 3,354,582
Town's covered payroll	\$ 12,763,683	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension asset as a percentage of its covered-employee payroll	23.30%	18.78%	17.41%	22.29%	21.67%	28.33%
Plan fiduciary net position as a percentage of the total pension liability	150.20%	137.40%	136.10%	137.00%	146.60%	173.30%

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

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

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

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 370,138	\$ 361,872	\$ 338,709	\$ 320,223	\$ 313,382	\$ 323,197
Interest	1,052,631	1,040,601	976,100	965,788	940,220	906,468
Changes of benefit terms	-	-	-	-	248,558	-
Differences between expected and actual experience	65,207	(327,828)	749,911	(211,249)	(287,684)	-
Changes of assumptions	-	-	711,147	-	-	29,011
Benefits payments, including refunds of member contributions	(911,268)	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Net change in total pension liability	<u>576,708</u>	<u>172,080</u>	<u>1,805,644</u>	<u>151,970</u>	<u>383,306</u>	<u>482,354</u>
Total pension liability - beginning	<u>15,308,154</u>	<u>15,136,074</u>	<u>13,330,430</u>	<u>13,178,460</u>	<u>12,795,154</u>	<u>12,312,800</u>
Total pension liability - ending (a)	<u>\$ 15,884,862</u>	<u>\$ 15,308,154</u>	<u>\$ 15,136,074</u>	<u>\$ 13,330,430</u>	<u>\$ 13,178,460</u>	<u>\$ 12,795,154</u>
Plan fiduciary net position:						
Contributions - employer	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160	\$ 193,061
Contributions - employee	107,390	104,875	99,685	93,355	65,426	77,177
Net investment income	977,938	1,152,455	1,575,569	(4,755)	325,291	1,880,372
Benefits payments, including refunds of member contributions	(911,268)	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Administrative expense	(15,283)	(15,342)	(14,885)	(12,792)	(13,127)	(11,775)
Other	(3,123)	39,176	214,436	437,862	13,836	(104,407)
Net change in plan fiduciary net position	<u>392,627</u>	<u>565,030</u>	<u>1,136,646</u>	<u>(180,804)</u>	<u>(237,584)</u>	<u>1,258,106</u>
Plan fiduciary net position - beginning	<u>15,401,376</u>	<u>14,836,346</u>	<u>13,699,700</u>	<u>13,880,504</u>	<u>14,118,088</u>	<u>12,859,982</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,794,003</u>	<u>\$ 15,401,376</u>	<u>\$ 14,836,346</u>	<u>\$ 13,699,700</u>	<u>\$ 13,880,504</u>	<u>\$ 14,118,088</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 90,859</u>	<u>\$ (93,222)</u>	<u>\$ 299,728</u>	<u>\$ (369,270)</u>	<u>\$ (702,044)</u>	<u>\$ (1,322,934)</u>
Plan fiduciary net position as a percentage of the total pension liability						
	99.43%	100.61%	98.02%	102.77%	105.33%	110.34%
Covered payroll	\$ 4,254,460	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216	\$ 3,248,212
Net pension liability as a percentage of covered employee payroll	2.14%	-2.29%	8.02%	-10.46%	-21.46%	-40.73%

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

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

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

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 361,594	\$ 329,221	\$ 304,609	\$ 293,881	\$ 257,868	\$ 234,523
Interest	951,218	926,217	909,400	878,066	808,451	783,066
Changes of benefit terms	-	-	-	-	451,265	-
Differences between expected and actual experience	(182,868)	(125,562)	(71,474)	(111,065)	9,656	-
Changes of assumptions	-	-	697,862	-	-	(61,666)
Benefits payments, including refunds of member contributions	(751,310)	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Net change in total pension liability	<u>378,634</u>	<u>303,390</u>	<u>1,174,145</u>	<u>430,201</u>	<u>923,834</u>	<u>301,076</u>
Total pension liability - beginning	<u>13,783,687</u>	<u>13,480,297</u>	<u>12,306,152</u>	<u>11,875,951</u>	<u>10,952,117</u>	<u>10,651,041</u>
Total pension liability - ending (a)	<u>\$ 14,162,321</u>	<u>\$ 13,783,687</u>	<u>\$ 13,480,297</u>	<u>\$ 12,306,152</u>	<u>\$ 11,875,951</u>	<u>\$ 10,952,117</u>
Plan fiduciary net position:						
Contributions - employer	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414	\$ 182,437
Contributions - employee	179,988	162,981	164,628	163,316	126,484	104,549
Net investment income	640,166	743,448	1,012,481	(3,040)	208,093	1,177,979
Benefits payments, including refunds of member contributions	(751,310)	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Administrative expense	(10,004)	(9,897)	(9,566)	(8,177)	(8,485)	(7,376)
Other	(35,507)	(1)	(68,281)	(1)	1	(1)
Net change in plan fiduciary net position	<u>403,466</u>	<u>401,385</u>	<u>776,399</u>	<u>(121,893)</u>	<u>35,101</u>	<u>802,741</u>
Plan fiduciary net position - beginning	<u>9,935,415</u>	<u>9,534,030</u>	<u>8,757,631</u>	<u>8,879,524</u>	<u>8,844,423</u>	<u>8,041,682</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,338,881</u>	<u>\$ 9,935,415</u>	<u>\$ 9,534,030</u>	<u>\$ 8,757,631</u>	<u>\$ 8,879,524</u>	<u>\$ 8,844,423</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,823,440</u>	<u>\$ 3,848,272</u>	<u>\$ 3,946,267</u>	<u>\$ 3,548,521</u>	<u>\$ 2,996,427</u>	<u>\$ 2,107,694</u>
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.08%	70.73%	71.16%	74.77%	80.76%
Covered payroll	\$ 1,799,871	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045	\$ 1,441,443
Net pension liability as a percentage of covered employee payroll	212.43%	236.12%	238.12%	216.98%	189.52%	146.22%

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Required Supplementary Information - Pension Plans

Schedule of Contributions (1)

"Unaudited"

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employees' Retirement System Plan</u>						
Actuarially determined contribution	\$ 1,840,604	\$ 1,757,474	\$ 1,685,417	\$ 1,515,153	\$ 1,575,318	\$ 1,506,269
Contributions in relation to the actuarially determined contribution	1,840,604	1,757,474	1,685,417	1,515,153	1,575,318	1,506,269
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,927,974	\$ 12,952,332	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered employee payroll	14.24%	13.57%	13.32%	12.56%	13.18%	12.90%
<u>Teachers' Survivor Benefit Plan</u>						
Statutorily determined contribution	\$ 18,825	\$ 19,550	\$ 19,613	\$ 14,976	\$ 17,184	\$ 16,354
Contributions in relation to the statutorily determined contribution	18,825	19,550	19,613	14,976	17,184	16,354
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,721,083	\$ 12,763,683	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered employee payroll	0.15%	0.15%	0.16%	0.12%	0.14%	0.14%

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Required Supplementary Information - Pension Plans

Schedule of Contributions (1)

"Unaudited"

<i>Fiscal Year</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>General Employees Plan</i>						
Actuarially determined contribution	\$ 205,382	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160
Contributions in relation to the actuarially determined contribution	205,382	236,973	186,431	232,064	228,318	202,160
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,234,680	\$ 4,254,460	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216
Contributions as a percentage of covered employee payroll	4.85%	5.57%	4.58%	6.21%	6.47%	6.18%
<i>Police Officers Plan</i>						
Actuarially determined contribution	\$ 457,315	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414
Contributions in relation to the actuarially determined contribution	457,315	380,133	331,340	343,389	356,690	312,414
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,933,678	\$ 1,799,871	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045
Contributions as a percentage of covered employee payroll	23.65%	21.12%	20.33%	20.72%	21.81%	19.76%

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 34,688,771	\$ 34,688,771	\$ 34,822,754	\$ 133,983
Motor vehicle excise in lieu of tax	1,577,186	1,577,186	1,619,876	42,690
Intergovernmental and grant revenue	1,559,307	1,559,307	1,563,498	4,191
Town clerk licenses and fees	377,400	377,400	394,787	17,387
Other departmental fines and fees	257,910	257,910	261,259	3,349
Investment and interest income	70,000	70,000	118,526	48,526
Other revenues	429,778	429,778	437,278	7,500
Total revenues	<u>38,960,352</u>	<u>38,960,352</u>	<u>39,217,978</u>	<u>257,626</u>
Expenditures				
General Government:				
Town council	16,750	16,750	16,000	750
Probate court	8,000	8,000	7,619	381
Town solicitor	157,906	157,906	159,145	(1,239)
Municipal court	38,000	38,000	32,026	5,974
Administrator's office	118,750	118,750	114,620	4,130
Town clerk's office	171,329	160,083	156,267	3,816
Planning division	145,549	145,549	145,352	197
Board of canvassers	5,620	5,620	3,602	2,018
Zoning board	8,405	8,405	5,867	2,538
Personnel board	1	1	-	1
Conservation commission	1,800	1,800	230	1,570
Historic district commission	250	250	-	250
Housing authority	1	1	-	1
Economic development	500	500	500	-
Public safety commission	1	1	-	1
Budget committee	1	1	-	1
Juvenile hearing board	3,453	3,453	2,620	833
Town hall	34,282	34,282	10,133	24,149
Plant operations	219,889	219,889	195,842	24,047
Printing and advertising	16,000	16,000	14,600	1,400
Contingency	165,000	77,787	65,000	12,787
Scouter's Hall	3,200	3,200	1,706	1,494
N.S. Library	451,078	451,078	452,875	(1,797)
	<u>1,565,765</u>	<u>1,467,306</u>	<u>1,384,004</u>	<u>83,302</u>
Financial Administration:				
Finance department	236,012	236,012	236,343	(331)
Tax assessor's office	124,684	124,684	119,907	4,777
Tax collector's office	98,602	98,602	95,420	3,182
Board of tax review	1	1	-	1
Audits and computer services	163,917	163,917	159,214	4,703
Insurance	267,371	267,371	276,977	(9,606)
	<u>890,587</u>	<u>890,587</u>	<u>887,861</u>	<u>2,726</u>
Public Safety:				
Police department	2,752,421	2,752,421	2,823,693	(71,272)
Animal control	94,991	94,991	86,230	8,761
EMA	24,969	24,969	14,806	10,163
N.S. Fire and Rescue Department	3,035,553	3,035,553	3,033,291	2,262
Hydrant rental	57,506	57,506	52,960	4,546
Inspection division	148,731	148,731	142,811	5,920
	<u>6,114,171</u>	<u>6,114,171</u>	<u>6,153,791</u>	<u>(39,620)</u>

(Continued)

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
DPW administration	87,581	87,581	89,787	(2,206)
Highway division	1,513,332	1,513,332	1,502,706	10,626
Parks and recreation division	179,277	179,277	174,862	4,415
Tree warden	31,730	31,730	31,730	-
Street lights	110,000	110,000	119,852	(9,852)
Rubbish disposal	781,400	781,400	812,374	(30,974)
	<u>2,703,320</u>	<u>2,703,320</u>	<u>2,731,311</u>	<u>(27,991)</u>
Fixed Charges	<u>2,563,616</u>	<u>2,563,616</u>	<u>2,558,919</u>	<u>4,697</u>
Debt Service:				
Principal	3,021,767	3,021,767	3,021,767	-
Interest	1,147,251	1,147,251	1,145,186	2,065
	<u>4,169,018</u>	<u>4,169,018</u>	<u>4,166,953</u>	<u>2,065</u>
Grants and contributions	<u>19,318</u>	<u>19,318</u>	<u>12,118</u>	<u>7,200</u>
Capital Outlay:				
Town	595,880	607,126	607,045	81
School	170,000	170,000	66,142	103,858
	<u>765,880</u>	<u>777,126</u>	<u>673,187</u>	<u>103,939</u>
Total expenditures	<u>18,791,675</u>	<u>18,704,462</u>	<u>18,568,144</u>	<u>136,318</u>
Excess of revenues over expenditures before other financing uses	<u>20,168,677</u>	<u>20,255,890</u>	<u>20,649,834</u>	<u>393,944</u>
Other financing uses				
Transfers to other funds:				
School unrestricted fund	(20,168,677)	(20,255,890)	(20,255,890)	-
RIDE revolving capital fund	-	-	(103,858)	(103,858)
Total other financing uses	<u>(20,168,677)</u>	<u>(20,255,890)</u>	<u>(20,359,748)</u>	<u>(103,858)</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,086</u>	<u>\$ 290,086</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
School Unrestricted Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local appropriations	\$ 20,168,677	\$20,255,890	\$ 20,255,890	\$ -
State of Rhode Island - education aid	5,870,844	5,870,844	5,688,691	(182,153)
Medicaid	185,000	185,000	201,595	16,595
Rental Income - fields and buildings	50,000	50,000	27,808	(22,192)
Appropriated fund balance	-	-	1,639,337	1,639,337
Other	-	-	47,751	47,751
Total revenues	<u>26,274,521</u>	<u>26,361,734</u>	<u>27,861,072</u>	<u>1,499,338</u>
Expenditures				
Salaries	15,303,245	15,417,550	15,161,470	256,080
Employee benefits	5,250,463	5,250,463	5,220,353	30,110
Purchased services	4,581,111	4,516,257	3,853,195	663,062
Supplies and materials	914,766	1,019,395	1,106,816	(87,421)
Property and equipment	182,534	224,029	369,192	(145,163)
Other costs	42,402	48,345	47,144	1,201
Total expenditures	<u>26,274,521</u>	<u>26,476,039</u>	<u>25,758,170</u>	<u>717,869</u>
Excess of revenues over expenditures before other financing uses	<u>-</u>	<u>(114,305)</u>	<u>2,102,902</u>	<u>2,217,207</u>
Other financing uses				
Transfers to other funds:				
RIDE Revolving Capital Fund	-	114,305	(1,639,337)	(1,753,642)
Total other financing uses	<u>-</u>	<u>114,305</u>	<u>(1,639,337)</u>	<u>(1,753,642)</u>
Net change in fund balance- budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,565</u>	<u>\$ 463,565</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2020
“Unaudited”

NOTE 1 – OPEB PLANS

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

The net OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end.

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

Actuarially Determined Contributions:

The following actuarial methods and assumptions were used to determine contribution amounts reported in that schedule:

- Actuarial cost method – Entry Age Normal
- Amortization method – Level percentage of payroll, closed
- Amortization period – 20 years
- Asset valuation method – market value
- Inflation – 3%
- Investment rate of return – 2.66% (prior valuation - 2.79%)
- Salary increases – 3%
- Mortality – RP-2006 mortality table with MP-2019 projection (prior valuation - RP-2014 mortality table with MP-2016 projection)
- Health care cost trend rate – 8% decreasing to an ultimate rate of 5%

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2020
“Unaudited”

NOTE 2 – PENSION PLANS

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

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

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

Actuarially Determined Contributions:

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

- Actuarial cost method – Entry Age Normal
- Amortization method - Level percentage of payroll, closed
- Remaining amortization period - 18 years for all plans, except the general employees plan which is 22 years
- Asset valuation method – 5-year smoothed market
- Inflation – 2.50% (prior valuation - 2.75%)
- Investment return – 7.00% (prior valuation - 7.50%)
- Salary increases –3.00% to 13.00% for teachers (prior valuation – 3.50% to 13.50%); 3.25% to 7.25% for general employees (prior valuation – 3.50% to 7.50%); 4% to 14% for police and fire employees
- Retirement age – Experienced-based table of rates that are specific to the type of eligibility condition
- Mortality – Males, General, Police and Fire Employees – Variants of the RP-2014 mortality tables, for the improvement scale, update to the ultimate rates of the MP-2016 projection scale (prior valuation - 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000)
- Mortality – Females, General, Police and Fire Employees – Variants of the RP-2014 mortality tables, for the improvement scale, update to the ultimate rates of the MP-2016 projection scale (prior valuation - 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000)
- Mortality – Males and Females, Teachers – Variants of the RP-2014 mortality tables, for the improvement scale, update to the ultimate rates of the MP-2016 projection scale (prior valuation - 97% and 92%, respectively, of rates in GRS table based on male and female teacher experience, projected with Scale AA from 2000)

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

Employers participating in the Employees’ Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year. Employers participating in the Teachers’ Survivors Benefit Plan contribute at a rate established by RI General Laws, 16-16-35. Employers participating in the Municipal Employees’ Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2020
“Unaudited”

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

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

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$39,217,978	\$27,861,072
Differences – budget to GAAP:		
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of North Smithfield are not reported as budgetary revenues, but are revenues for financial reporting purposes.	-	1,395,930
Appropriated fund balance reported as revenue for budgetary purposes, but is not included for financial reporting purposes.	-	(1,639,337)
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(110,646)	-
Unbudgeted revenues are not included for budgetary purposes, but are included for financial reporting purposes.	210,263	36,328
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$39,317,595</u>	<u>\$27,653,993</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2020
“Unaudited”

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$38,927,892	\$27,397,507
Differences – budget to GAAP: Increases and carryforwards of commitments and assignments of fund balance are expenditures for budgetary purposes, but are not expenditures for financial reporting purposes.	(811,327)	-
Unbudgeted expenditures are not included for budgetary purposes, but are included for financial reporting purposes.	1,191,012	101,025
Restoration of fund balance is a budgetary expenditure, but is not an expenditure for financial reporting purposes.	(45,000)	-
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(110,646)	-
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of North Smithfield are not reported as budgetary expenditures, but are expenditures for financial reporting purposes.	-	1,395,930
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$39,151,931</u>	<u>\$28,894,462</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020*

	<i>Special Revenue Funds</i>				
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	<i>CDBG Fund</i>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 56,572	\$ 23,471
Due from federal and state governments	497,906	-	-	-	-
Other receivables	-	-	-	-	15,022
Due from other funds	114,704	7,367	278	-	-
Total assets	\$ 612,610	\$ 7,367	\$ 278	\$ 56,572	\$ 38,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ 4,762	\$ -	\$ -	\$ -	\$ -
Due to other funds	456,880	-	-	-	-
Total liabilities	461,642	-	-	-	-
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	15,022
Fund balances					
Restricted for:					
Education programs	150,968	-	-	-	-
Public safety programs	-	7,367	278	-	-
Historical records preservation	-	-	-	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	56,572	23,471
Committed for:					
Public safety programs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total fund balances	150,968	7,367	278	56,572	23,471
Total liabilities, deferred inflows of resources, and fund balances	\$ 612,610	\$ 7,367	\$ 278	\$ 56,572	\$ 38,493

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

June 30, 2020

	<i>Special Revenue Funds</i>				
	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 647,463	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-
Other receivables	-	-	-	-	325
Due from other funds	3,556	5,797	-	69,341	14,197
Total assets	\$ 3,556	\$ 5,797	\$ 647,463	\$ 69,341	\$ 14,522
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 2,517	\$ 3,201	\$ 1,777
Due to other funds	-	-	8,825	-	-
Total liabilities	-	-	11,342	3,201	1,777
Deferred Inflows of Resources:					
Other deferred revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Restricted for:					
Education programs	-	-	-	-	-
Public safety programs	3,556	-	636,121	-	-
Historical records preservation	-	-	-	66,140	-
Capital projects	-	-	-	-	-
Other programs	-	5,797	-	-	-
Committed for:					
Public safety programs	-	-	-	-	12,745
Capital projects	-	-	-	-	-
Total fund balances	3,556	5,797	636,121	66,140	12,745
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,556	\$ 5,797	\$ 647,463	\$ 69,341	\$ 14,522

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 727,506
Due from federal and state governments	-	-	-	-	-	497,906
Other receivables	-	-	-	-	-	15,347
Due from other funds	11,234	3,464	3,287	29,576	5,316	268,117
Total assets	\$ 11,234	\$ 3,464	\$ 3,287	\$ 29,576	\$ 5,316	\$ 1,508,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 203	\$ -	\$ -	\$ 1,223	\$ -	\$ 13,683
Due to other funds	-	-	-	-	-	465,705
Total liabilities	203	-	-	1,223	-	479,388
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances						
Restricted for:						
Education programs	-	-	-	-	-	150,968
Public safety programs	-	-	-	28,353	-	675,675
Historical records preservation	-	-	-	-	-	66,140
Capital projects	-	-	-	-	-	-
Other programs	11,031	3,464	3,287	-	5,316	108,938
Committed for:						
Public safety programs	-	-	-	-	-	12,745
Capital projects	-	-	-	-	-	-
Total fund balances	11,031	3,464	3,287	28,353	5,316	1,014,466
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,234	\$ 3,464	\$ 3,287	\$ 29,576	\$ 5,316	\$ 1,508,876

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 727,506
Due from federal and state governments	-	-	-	-	-	497,906
Other receivables	-	-	-	-	-	15,347
Due from other funds	88,639	322,249	20,580	616,067	1,047,535	1,315,652
Total assets	\$ 88,639	\$ 322,249	\$ 20,580	\$ 616,067	\$ 1,047,535	\$ 2,556,411
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,683
Due to other funds	-	-	-	-	-	465,705
Total liabilities	-	-	-	-	-	479,388
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances						
Restricted for:						
Education programs	-	-	-	-	-	150,968
Public safety programs	-	-	-	-	-	675,675
Historical records preservation	-	-	-	-	-	66,140
Capital projects	88,639	322,249	20,580	-	431,468	431,468
Other programs	-	-	-	-	-	108,938
Committed for:						
Public safety programs	-	-	-	-	-	12,745
Capital projects	-	-	-	616,067	616,067	616,067
Total fund balances	88,639	322,249	20,580	616,067	1,047,535	2,062,001
Total liabilities, deferred inflows of resources, and fund balances	\$ 88,639	\$ 322,249	\$ 20,580	\$ 616,067	\$ 1,047,535	\$ 2,556,411

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<i>Special Revenue Funds</i>				
	<i>School Restricted Fund</i>	<i>Governor's Justice Commission Fund</i>	<i>Project D.A.R.E. Fund</i>	<i>Business Revolving Loan Fund</i>	<i>CDBG Fund</i>
Revenues					
Intergovernmental and grant revenue	\$ 1,170,275	\$ 5,162	\$ -	\$ -	\$ -
Other departmental fees	-	-	-	-	-
Investment and interest income	-	-	-	833	236
Other revenue	258,077	-	700	-	1,500
Total revenues	<u>1,428,352</u>	<u>5,162</u>	<u>700</u>	<u>833</u>	<u>1,736</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	5,267	513	-	-
Public works	-	-	-	-	-
Education	1,367,357	-	-	-	-
Other	-	-	-	-	300
Capital outlay	-	-	-	-	-
Total expenditures	<u>1,367,357</u>	<u>5,267</u>	<u>513</u>	<u>-</u>	<u>300</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>60,995</u>	<u>(105)</u>	<u>187</u>	<u>833</u>	<u>1,436</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	60,995	(105)	187	833	1,436
Fund balances (deficits) - beginning of year, restated	<u>89,973</u>	<u>7,472</u>	<u>91</u>	<u>55,739</u>	<u>22,035</u>
Fund balances - end of year	<u>\$ 150,968</u>	<u>\$ 7,367</u>	<u>\$ 278</u>	<u>\$ 56,572</u>	<u>\$ 23,471</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<i>Special Revenue Funds</i>				
	<i>Police Forfeiture Funds</i>	<i>Dattco Fund</i>	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>
Revenues					
Intergovernmental and grant revenue	\$ -	\$ -	\$ 12,195	\$ -	\$ -
Other departmental fees	-	2,250	-	30,675	43,560
Investment and interest income	-	-	5,544	-	-
Other revenue	-	-	304,047	-	-
Total revenues	<u>-</u>	<u>2,250</u>	<u>321,786</u>	<u>30,675</u>	<u>43,560</u>
Expenditures					
Current:					
General government	-	-	-	35,459	-
Public safety	-	-	160,534	-	11,838
Public works	-	-	-	-	-
Education	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	-	-	-	-	56,437
Total expenditures	<u>-</u>	<u>-</u>	<u>160,534</u>	<u>35,459</u>	<u>68,275</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>2,250</u>	<u>161,252</u>	<u>(4,784)</u>	<u>(24,715)</u>
Other financing sources					
Transfers from other funds	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	2,250	161,252	(4,784)	(24,715)
Fund balances (deficits) - beginning of year, restated	<u>3,556</u>	<u>3,547</u>	<u>474,869</u>	<u>70,924</u>	<u>37,460</u>
Fund balances - end of year	<u>\$ 3,556</u>	<u>\$ 5,797</u>	<u>\$ 636,121</u>	<u>\$ 66,140</u>	<u>\$ 12,745</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>	
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ 13,371	\$ -	\$ 1,201,003
Other departmental fees	4,135	-	-	-	-	80,620
Investment and interest income	-	-	-	-	-	6,613
Other revenue	-	2,150	16,712	-	2,500	585,686
Total revenues	<u>4,135</u>	<u>2,150</u>	<u>16,712</u>	<u>13,371</u>	<u>2,500</u>	<u>1,873,922</u>
Expenditures						
Current:						
General government	-	-	-	-	-	35,459
Public safety	-	-	-	9,754	-	187,906
Public works	2,776	-	-	-	3,000	5,776
Education	-	-	-	-	-	1,367,357
Other	-	-	22,877	-	-	23,177
Capital outlay	-	-	-	-	-	56,437
Total expenditures	<u>2,776</u>	<u>-</u>	<u>22,877</u>	<u>9,754</u>	<u>3,000</u>	<u>1,676,112</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>1,359</u>	<u>2,150</u>	<u>(6,165)</u>	<u>3,617</u>	<u>(500)</u>	<u>197,810</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,359	2,150	(6,165)	3,617	(500)	197,810
Fund balances (deficits) - beginning of year, restated	<u>9,672</u>	<u>1,314</u>	<u>9,452</u>	<u>24,736</u>	<u>5,816</u>	<u>816,656</u>
Fund balances - end of year	<u>\$ 11,031</u>	<u>\$ 3,464</u>	<u>\$ 3,287</u>	<u>\$ 28,353</u>	<u>\$ 5,316</u>	<u>\$ 1,014,466</u>

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
Revenues						
Intergovernmental and grant revenue	\$ -	\$ 332,500	\$ -	\$ 226,203	\$ 558,703	\$ 1,759,706
Other departmental fees	-	-	-	-	-	80,620
Investment and interest income	-	-	-	-	-	6,613
Other revenue	-	16,308	-	-	16,308	601,994
Total revenues	-	348,808	-	226,203	575,011	2,448,933
Expenditures						
Current:						
General government	-	-	-	-	-	35,459
Public safety	-	-	-	-	-	187,906
Public works	-	-	-	-	-	5,776
Education	-	-	-	-	-	1,367,357
Other	-	-	-	-	-	23,177
Capital outlay	-	17,500	-	1,644,336	1,661,836	1,718,273
Total expenditures	-	17,500	-	1,644,336	1,661,836	3,337,948
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	331,308	-	(1,418,133)	(1,086,825)	(889,015)
Other financing sources						
Transfers from other funds	-	-	-	1,743,195	1,743,195	1,743,195
Total other financing sources	-	-	-	1,743,195	1,743,195	1,743,195
Net change in fund balances	-	331,308	-	325,062	656,370	854,180
Fund balances (deficits) - beginning of year, restated	88,639	(9,059)	20,580	291,005	391,165	1,207,821
Fund balances - end of year	\$ 88,639	\$ 322,249	\$ 20,580	\$ 616,067	\$ 1,047,535	\$ 2,062,001

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

	<u>Subdivision Bond</u>	<u>Planning Escrow</u>	<u>Decommissioning Bonds</u>	<u>Student Activities - Senior High School</u>	<u>Student Activities - Middle School</u>	<u>Student Activities - Halliwell Elementary</u>	<u>Student Activities - North Smithfield Elementary</u>	<u>Athletic Fund</u>	<u>Total Agency Funds</u>
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ 19,292	\$ 168,077	\$ 28,039	\$ 13,111	\$ 22,323	\$ 6,709	\$ 257,551
Due from other funds	15,412	16,301	-	-	-	-	-	-	31,713
Total assets	<u>\$ 15,412</u>	<u>\$ 16,301</u>	<u>\$ 19,292</u>	<u>\$ 168,077</u>	<u>\$ 28,039</u>	<u>\$ 13,111</u>	<u>\$ 22,323</u>	<u>\$ 6,709</u>	<u>\$ 289,264</u>
Liabilities									
Deposits held in custody for others	\$ 15,412	\$ 16,301	\$ 19,292	\$ 168,077	\$ 28,039	\$ 13,111	\$ 22,323	\$ 6,709	\$ 289,264
Total liabilities	<u>\$ 15,412</u>	<u>\$ 16,301</u>	<u>\$ 19,292</u>	<u>\$ 168,077</u>	<u>\$ 28,039</u>	<u>\$ 13,111</u>	<u>\$ 22,323</u>	<u>\$ 6,709</u>	<u>\$ 289,264</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
SUBDIVISION BOND				
<i>Assets</i>				
Due from other funds	\$ 32,133	\$ -	\$ 16,721	\$ 15,412
Total assets	<u>\$ 32,133</u>	<u>\$ -</u>	<u>\$ 16,721</u>	<u>\$ 15,412</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 32,133	\$ -	\$ 16,721	\$ 15,412
Total liabilities	<u>\$ 32,133</u>	<u>\$ -</u>	<u>\$ 16,721</u>	<u>\$ 15,412</u>
PLANNING ESCROW				
<i>Assets</i>				
Due from other funds	\$ 38,101	\$ -	\$ 21,800	\$ 16,301
Total assets	<u>\$ 38,101</u>	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 16,301</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 38,101	\$ -	\$ 21,800	\$ 16,301
Total liabilities	<u>\$ 38,101</u>	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 16,301</u>
DECOMMISSIONING BONDS				
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 19,292	\$ -	\$ 19,292
Total assets	<u>\$ -</u>	<u>\$ 19,292</u>	<u>\$ -</u>	<u>\$ 19,292</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ -	\$ 19,292	\$ -	\$ 19,292
Total liabilities	<u>\$ -</u>	<u>\$ 19,292</u>	<u>\$ -</u>	<u>\$ 19,292</u>
STUDENT ACTIVITIES - SENIOR HIGH SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 165,310	\$ 218,689	\$ 215,922	\$ 168,077
Total assets	<u>\$ 165,310</u>	<u>\$ 218,689</u>	<u>\$ 215,922</u>	<u>\$ 168,077</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 165,310	\$ 218,689	\$ 215,922	\$ 168,077
Total liabilities	<u>\$ 165,310</u>	<u>\$ 218,689</u>	<u>\$ 215,922</u>	<u>\$ 168,077</u>
STUDENT ACTIVITIES - MIDDLE SCHOOL				
<i>Assets</i>				
Cash and cash equivalents	\$ 22,446	\$ 28,700	\$ 23,107	\$ 28,039
Total assets	<u>\$ 22,446</u>	<u>\$ 28,700</u>	<u>\$ 23,107</u>	<u>\$ 28,039</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 22,446	\$ 28,700	\$ 23,107	\$ 28,039
Total liabilities	<u>\$ 22,446</u>	<u>\$ 28,700</u>	<u>\$ 23,107</u>	<u>\$ 28,039</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)
Agency Funds
For the Fiscal Year Ended June 30, 2020

	<i>Balance</i> <i>June 30, 2019</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>June 30, 2020</i>
STUDENT ACTIVITIES -HALLIWELL ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 12,886	\$ 225	\$ -	\$ 13,111
Total assets	\$ 12,886	\$ 225	\$ -	\$ 13,111
<i>Liabilities</i>				
Deposits held in custody for others	\$ 12,886	\$ 225	\$ -	\$ 13,111
Total liabilities	\$ 12,886	\$ 225	\$ -	\$ 13,111
STUDENT ACTIVITIES -NORTH SMITHFIELD ELEMENTARY				
<i>Assets</i>				
Cash and cash equivalents	\$ 12,501	\$ 28,720	\$ 18,898	\$ 22,323
Total assets	\$ 12,501	\$ 28,720	\$ 18,898	\$ 22,323
<i>Liabilities</i>				
Deposits held in custody for others	\$ 12,501	\$ 28,720	\$ 18,898	\$ 22,323
Total liabilities	\$ 12,501	\$ 28,720	\$ 18,898	\$ 22,323
ATHLETIC FUND				
<i>Assets</i>				
Cash and cash equivalents	\$ 2,679	\$ 5,196	\$ 1,166	\$ 6,709
Total assets	\$ 2,679	\$ 5,196	\$ 1,166	\$ 6,709
<i>Liabilities</i>				
Deposits held in custody for others	\$ 2,679	\$ 5,196	\$ 1,166	\$ 6,709
Total liabilities	\$ 2,679	\$ 5,196	\$ 1,166	\$ 6,709
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash and cash equivalents	\$ 215,822	\$ 300,822	\$ 259,093	\$ 257,551
Due from other funds	70,234	-	38,521	31,713
Total assets	\$ 286,056	\$ 300,822	\$ 297,614	\$ 289,264
<i>Liabilities</i>				
Deposits held in custody for others	286,056	300,822	297,614	289,264
Total liabilities	\$ 286,056	\$ 300,822	\$ 297,614	\$289,264

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ending June 30, 2020

Real Estate and Personal Property Taxes

<i>Year</i>	<i>Balance June 30, 2019</i>	<i>Levy</i>	<i>Additions</i>	<i>Abatements and Adjustments</i>	<i>Amount to be Collected</i>	<i>Current Year Collections</i>	<i>Balance June 30, 2020</i>
2020	\$ -	\$ 34,647,140	\$ 188,672	\$ (48,391)	\$ 34,787,421	\$ 34,061,824	\$ 725,597
2019	637,421	-	2,495	51,110	691,026	537,800	153,226
2018	109,089	-	-	13,497	122,586	31,570	91,016
2017	111,642	-	-	-	111,642	10,819	100,823
2016	120,310	-	-	-	120,310	13,987	106,323
2015	153,909	-	-	-	153,909	5,351	148,558
2014	172,955	-	-	-	172,955	7,479	165,476
2013	139,895	-	-	-	139,895	3,841	136,054
2012	113,887	-	-	-	113,887	4,191	109,696
2011	107,358	-	-	-	107,358	2,762	104,596
2010	69,191	-	-	-	69,191	712	68,479
2009	67,905	-	-	-	67,905	298	67,607
2008	51,220	-	-	-	51,220	-	51,220
2007	29,210	-	-	-	29,210	-	29,210
2006	28,344	-	-	-	28,344	-	28,344
2005	24,904	-	-	-	24,904	-	24,904
2004	24,957	-	-	-	24,957	(53)	25,010
2003	-	-	-	-	-	-	-
2002 and prior	413	-	-	-	413	-	413
	<u>\$ 1,962,610</u>	<u>\$ 34,647,140</u>	<u>\$ 191,167</u>	<u>\$ 16,216</u>	<u>\$ 36,817,133</u>	<u>\$ 34,680,581</u>	<u>2,136,552</u>

Allowance for Uncollectible Accounts (803,644)
Net Property Tax Receivable \$ 1,332,908

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
Real property - residential	\$ 1,257,014,480	\$ 19,942,535
Real property - commercial	330,585,080	6,238,140
Real property - FFOS	33,317,230	528,578
Real property - frozen	6,385,760	73,212
Motor vehicles	108,138,800	3,784,858
Tangible personal property	140,758,070	5,982,218
Total	<u>1,876,199,420</u>	<u>36,549,541</u>
Exemptions	74,059,935	1,902,401
Net assessed value	<u>\$ 1,802,139,485</u>	<u>\$ 34,647,140</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 34,680,581
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2020	194,985
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2019	(170,303)
Current year property tax revenue	<u>\$ 34,705,263</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ending June 30, 2020

Fiscal Year 2020 Cash Collection Summary

<u>Year</u>	<u>July - August 2019 Collections Subject to 60 day FY 19 Accrual</u>	<u>September 2019 - June 2020 Collections</u>	<u>Total FY 2020 Cash Collections</u>	<u>July - August 2020 Collections Subject to 60 day FY 20 Accrual</u>
2020	\$ -	\$ 34,061,824	\$ 34,061,824	\$ 179,896
2019	149,463	388,337	537,800	6,390
2018	13,464	18,106	31,570	770
2017	2,266	8,553	10,819	1,362
2016	464	13,523	13,987	1,075
2015	445	4,906	5,351	265
2014	587	6,892	7,479	1,332
2013	974	2,867	3,841	502
2012	1,301	2,890	4,191	1,041
2011	1,091	1,671	2,762	1,069
2010	248	464	712	572
2009	-	298	298	393
2008	-	-	-	318
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	(53)	(53)	-
2003	-	-	-	-
2002 and prior	-	-	-	-
	<u>\$ 170,303</u>	<u>\$ 34,510,278</u>	<u>\$ 34,680,581</u>	<u>\$ 194,985</u>

OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

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

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

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 34,003,971	\$ -
Last Year's Levy Tax Collection	538,730	-
Prior Years Property Tax Collection	19,102	-
Interest & Penalty	234,571	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	163,849	-
Fines and Forfeitures	60,623	-
Investment Income	118,526	-
Departmental	494,152	-
Rescue Run Revenue	267,594	-
Police & Fire Detail	10,202	-
Other Local Non-Property Tax Revenues	192,814	-
Tuition	-	77,680
Impact Aid	-	-
Medicaid	-	201,595
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	135,229
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	692,964
COVID - ESSER	-	182,153
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	-	-
MV Excise Tax Reimbursement	183,264	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	79,060	-
Library Construction Aid	-	-
Public Service Corporation Tax	155,042	-
Meals & Beverage Tax / Hotel Tax	325,491	-
LEA Aid	-	5,691,147
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,000,213	-
State Food Service Revenue	-	5,436
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	2,491	130,902
Motor Vehicle Phase Out	1,436,612	-
Other Revenue	31,288	313,419
Local Appropriation for Education	-	20,255,890
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 39,317,595	\$ 27,686,414
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ -	\$ -

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2020

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 399,443	\$ 428,143	\$ -	\$ 21,585	\$ 275,868	\$ -	\$ 859,771	\$ 198,241	\$ 2,001,272
Compensation - Group B	-	-	-	-	-	-	-	-	27,619
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	271	1,003	-	-	-	-	29,473	1,286	225,860
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	56,084	89,734	-	-	44,867	-	168,251	22,433	309,570
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	11,217
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,922	4,675	-	-	2,338	-	8,766	1,169	15,779
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	584
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	34,810	32,830	-	3,105	21,104	-	70,911	15,264	172,488
Life Insurance	3,870	6,192	-	-	3,096	-	11,609	1,548	21,671
State Defined Contribution- Group A	2,130	4,237	-	-	2,443	-	8,196	753	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	753
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	87,432	-	-	-	-	-	10,702	-	119,692
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	12,235	20,549	-	-	11,847	-	35,944	3,654	444,140
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	1,226
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	101,830	23,933	16,086	9,205	2,550	-	21,700	-	35,670
Materials/Supplies	2,725	3,447	-	2,582	3,577	-	46,960	29,514	34,303
Software Licenses	-	-	-	47,447	800	-	-	-	16,164
Capital Outlays	171,551	18,746	-	-	-	-	312,668	30,600	59,664
Insurance	277,453	-	-	-	-	-	-	-	-
Maintenance	1,458	1,622	-	32,766	1,307	-	42,687	15,280	1,371
Vehicle Operations	-	133	-	-	835	-	74,615	9,758	97,684
Utilities	65,010	7,820	-	2,023	8,042	-	20,930	5,448	30,056
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	119,852	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	12,892	-	-
Trash Removal & Recycling	-	-	-	-	-	-	618,000	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	12,118	-	-	-	-	-	-	-	-
Other Operation Expenditures	60,945	17,244	-	429	2,287	452,875	776,422	50	109,692
Tipping Fees	-	-	-	-	-	-	178,617	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,292,284	\$ 660,309	\$ 16,086	\$ 119,143	\$ 380,960	\$ 452,875	\$ 3,428,966	\$ 334,998	\$ 3,736,474

Town of North Smithfield
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	Education Department
Compensation- Group A	\$ -	\$ 189,490	\$ 84,623	\$ -	\$ -	\$ -	\$ 4,458,437	\$ 12,004,287
Compensation - Group B	-	-	-	-	-	-	27,619	1,422,040
Compensation - Group C	-	-	-	-	-	-	-	2,196,222
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	32,569	8,864	-	-	-	299,326	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	21,307
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	22,433	11,217	-	-	-	724,588	1,389,959
Active Medical Insurance- Group B	-	-	-	-	-	-	11,217	167,867
Active Medical Insurance- Group C	-	-	-	-	-	-	-	579,962
Active Dental insurance- Group A	-	1,169	584	-	-	-	37,402	123,924
Active Dental Insurance- Group B	-	-	-	-	-	-	584	12,122
Active Dental Insurance- Group C	-	-	-	-	-	-	-	37,457
Payroll Taxes	-	16,988	7,152	-	-	-	374,651	428,045
Life Insurance	-	1,548	774	-	-	-	50,307	62,965
State Defined Contribution- Group A	-	1,547	872	-	-	-	20,177	299,008
State Defined Contribution - Group B	-	-	-	-	-	-	753	23,557
State Defined Contribution - Group C	-	-	-	-	-	-	-	18,678
Other Benefits- Group A	-	-	-	-	-	-	217,826	113,253
Other Benefits- Group B	-	-	-	-	-	-	-	65,625
Other Benefits- Group C	-	-	-	-	-	-	-	115,777
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	7,501	2,819	-	-	-	538,689	1,674,841
State Defined Benefit Pension - Group B	-	-	-	-	-	-	1,226	174,157
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	92,490
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	689	-	-	-	211,664	3,939,896
Materials/Supplies	-	-	13,989	-	-	-	137,096	604,742
Software Licenses	-	-	-	-	-	-	64,411	110,685
Capital Outlays	163,313	-	-	-	-	-	756,542	572,199
Insurance	-	-	-	-	-	-	277,453	137,710
Maintenance	-	-	901	-	-	-	97,393	150,047
Vehicle Operations	35,144	-	5,016	-	-	-	223,184	47,712
Utilities	-	-	4,678	-	-	-	144,007	540,602
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	119,852	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	12,892	-
Trash Removal & Recycling	-	-	-	-	-	-	618,000	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	12,118	-
Other Operation Expenditures	2,988,147	-	33,196	-	-	-	4,441,286	73,790
Tipping Fees	-	-	-	-	-	-	178,617	-
Local Appropriation for Education	-	-	-	20,255,890	-	-	20,255,890	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	755,000	-	755,000	-
Municipal Debt- Interest	-	-	-	-	157,856	-	157,856	-
School Debt- Principal	-	-	-	-	2,268,217	-	2,268,217	-
School Debt- Interest	-	-	-	-	987,330	-	987,330	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	23,716
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	1,906
OPEB Contribution- Total	-	-	-	-	-	566,464	566,464	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,186,604	\$ 273,244	\$ 175,374	\$ 20,255,890	\$ 4,168,403	\$ 566,464	\$ 39,048,073	\$ 27,226,551

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	103,858	1,639,337
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 103,858	\$ 1,639,337
Net Change in Fund Balance¹	165,664	(1,179,474)
Fund Balance1- beginning of year	\$8,575,521	\$2,484,036
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	8,575,521	2,484,036
Rounding	-	-
Fund Balance¹ - end of year	\$ 8,741,185	\$ 1,304,562

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

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 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						\$ 8,575,521	-	\$ 8,575,521	
<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>\$ 8,575,521</u>	<u>-</u>	<u>\$ 8,575,521</u>	
General Fund	\$ 39,317,595	\$ -	\$ 18,792,183	\$ 20,359,748	\$ 165,664	\$ 8,575,521	\$ -	\$ 8,575,521	\$ 8,741,185
Totals per audited financial statements	<u>\$ 39,317,595</u>	<u>\$ -</u>	<u>\$ 18,792,183</u>	<u>\$ 20,359,748</u>	<u>\$ 165,664</u>	<u>\$ 8,575,521</u>	<u>\$ -</u>	<u>\$ 8,575,521</u>	<u>\$ 8,741,185</u>
<u>Reconciliation from financial statements to MTP2</u>									
School appropriation to education reflected in financing use in audit but reflected as expenditure in MTP-2	\$ -	\$ -	\$ 20,255,890	\$ (20,255,890)	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 39,317,595</u>	<u>\$ -</u>	<u>\$ 39,048,073</u>	<u>\$ 103,858</u>	<u>\$ 165,664</u>	<u>\$ 8,575,521</u>	<u>\$ -</u>	<u>\$ 8,575,521</u>	<u>\$ 8,741,185</u>

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

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 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 <i>No misc. adjustments made for fiscal 2020</i>						\$ 2,484,036	-	\$ 2,484,036	
Fund Balance¹ - per MTP-2 at June 30, 2019 adjusted						<u>\$ 2,484,036</u>	-	<u>\$ 2,484,036</u>	
School Unrestricted Fund	\$ 7,398,103	\$ 20,255,890	\$ 27,255,125	\$ 1,639,337	\$ (1,240,469)	\$ 2,394,063	-	\$ 2,394,063	\$ 1,153,594
Food Service Special Revenue Fund1	398,742	-	371,942	-	26,800	79,281	-	79,281	106,081
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	1,029,610	-	995,415	-	34,195	10,692	-	10,692	44,887
Totals per audited financial statements	<u>\$ 8,826,455</u>	<u>\$ 20,255,890</u>	<u>\$ 28,622,482</u>	<u>\$ 1,639,337</u>	<u>\$ (1,179,474)</u>	<u>\$ 2,484,036</u>	<u>\$ -</u>	<u>\$ 2,484,036</u>	<u>\$ 1,304,562</u>
<u>Reconciliation from financial statements to MTP2</u>									
School Appropriation to education reflected in financing source in audit but reflected as revenue in MTP	\$ 20,255,890	\$ (20,255,890)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,395,931)	-	(1,395,931)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 27,686,414</u>	<u>\$ -</u>	<u>\$ 27,226,551</u>	<u>\$ 1,639,337</u>	<u>\$ (1,179,474)</u>	<u>\$ 2,484,036</u>	<u>\$ -</u>	<u>\$ 2,484,036</u>	<u>\$ 1,304,562</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Use of fund balance reported as revenue in UCOA file	\$ 1,736,036	\$ -							
Miscellaneous Variance between UCOA & FS	<u>1</u>	<u>0</u>							
Totals per UCOA Validated Totals Report	<u>\$ 29,422,451</u>	<u>\$ 27,226,551</u>							

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

Town of North Smithfield, Rhode Island
Reportable Government Services with
MTP2 Notes
Fiscal Year Ended June 30, 2020

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

875 Centerville Road, Building 3, Unit 10 • Warwick, RI 02886
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***REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements, and have issued our report thereon dated December 31, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 31, 2020



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of North Smithfield, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of North Smithfield, Rhode Island's major federal programs for the year ended June 30, 2020. The Town of North Smithfield, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of North Smithfield, Rhode Island's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of North Smithfield, Rhode Island's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of North Smithfield, Rhode Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

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

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island

December 31, 2020

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
66.468	<i>Drinking Water State Revolving Fund Cluster:</i> Capitalization Grants for Drinking Water State Revolving Funds

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2020-001 – Material Weakness

Agency: U.S. Environmental Protection Agency

Program: Drinking Water State Revolving Fund Cluster – Capitalization Grants for Drinking Water State Revolving Funds

CFDA Number: 66.468

SUSPENSION AND DEBARMENT

Criteria – When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR Section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g. grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR Section 180.220. This requirement applies to the contracts procured through the Capitalization Grants for Drinking Water State Revolving Funds program.

Condition – The Town of North Smithfield does not have a specific procedure in place for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended or otherwise excluded.

Cause – The Town had not established suspension and debarment policies and procedures for federal grant awards.

Effect – Contracts were awarded prior to verifying that an entity was not debarred, suspended or otherwise excluded.

Questioned Costs – None

Recommendation – We recommend that the Town implement verification procedures to ensure that an entity with which it plans to enter into a covered transaction is not debarred, suspended or otherwise excluded.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Corrective Action/Auditee Views – The Town is implementing a verification process on all vendors with contracts that are equal or exceed \$25,000 to ensure that the vendor is not debarred, suspended or otherwise excluded.

Anticipated Completion Date – Effective immediately

Contact Person – Cynthia DeJesus, Finance Director

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2020

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<i>US Department of Education</i>			
<i>Pass-through RI Department of Education:</i>			
<i>Special Education Cluster (IDEA):</i>			
PL-94-142 - Project IDEA	84.027A	2725-13202-001	\$ 430,471
Preschool Section 619	84.173A	2725-13502-001	8,676
<i>Total Special Education Cluster</i>			<u>439,147</u>
Title I	84.010A	2725-11702-001	206,595
Title II - Professional Development	84.367A	2725-16402-001	47,222
COVID -19 - Elementary and Secondary			
School Emergency Relief Fund	84.425D	25-4672-10502-101	182,153
<i>Total US Department of Education</i>			<u>875,117</u>
<i>US Department of Agriculture</i>			
<i>Pass-through RI Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program			
Cash assistance	10.555	N/A	123,211
Non-cash assistance (commodities)	10.555	N/A	29,205
School Breakfast Program	10.553	N/A	12,018
<i>Total Child Nutrition Cluster</i>			<u>164,434</u>
<i>Total US Department of Agriculture</i>			<u>164,434</u>
<i>US Department of Health and Human Services</i>			
<i>Direct Program:</i>			
COVID-19 - Provider Relief Fund	93.498	N/A	1,550
<i>Pass-through Blackstone Valley Prevention Coalition:</i>			
State Opioid Response Grant	93.788	N/A	16,135
<i>Pass-through RI Department of Health:</i>			
Public Health Emergency Preparedness - MEDS	93.069	N/A	2,176
<i>Total US Department of Health and Human Services</i>			<u>19,861</u>
<i>US Department of Transportation</i>			
<i>Pass-through RI Department of Transportation:</i>			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety Grant	20.600	N/A	5,267
<i>Total Highway Safety Cluster</i>			<u>5,267</u>
<i>Total US Department of Transportation</i>			<u>5,267</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal year Ended June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
US Department of Homeland Security			
Pass-through RI Emergency Management Agency:			
Disaster Grant	97.036	PA-01-RI-4107-PW-00217	57,016
Disaster Grant	97.036	PA-01-RI-1894-PW-00542	(58,216)
			<u>(1,200)</u>
Emergency Management Performance Grant	97.042	N/A	2,835
State Homeland Security Grant	97.067	N/A	10,083
Total US Department of Homeland Security			<u>11,718</u>
US Department of Housing and Urban Development			
Pass-through RI Executive Office of Commerce, Office of Housing and Community Development:			
Community Development Block Grant	14.228	N/A	300
Total US Department of Housing and Urban Development			<u>300</u>
US Election Assistance Commission			
Pass-through RI Department of State, Elections Division:			
Help America Vote Act Grant	90.401	N/A	775
Total US Election Assistance Commission			<u>775</u>
US Environmental Protection Agency			
Pass-through RI Infrastructure Bank:			
Drinking Water State Revolving Fund Cluster:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	N/A	816,347
Total Drinking Water State Revolving Cluster			<u>816,347</u>
Total US Environmental Protection Agency			<u>816,347</u>
Total Expenditures of Federal Awards			<u>\$ 1,893,819</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of North Smithfield, Rhode Island under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of North Smithfield, Rhode Island, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town of North Smithfield, Rhode Island.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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