

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

*For the Fiscal Year Ended
June 30, 2023*

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ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

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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 Audit of the Financial Statements

Opinions

We have audited 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, 2023, 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.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of North Smithfield, Rhode Island and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of North Smithfield, Rhode Island's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of North Smithfield, Rhode Island 's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of North Smithfield, Rhode Island 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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, Annual Supplemental Transparency Report (MTP2), other supplementary information and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information and 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 February 20, 2024 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 Town of North Smithfield, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
February 20, 2024

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 the fiscal year end June 30, 2023.

Included within our discussion will be a series of comparative tables, serving to illustrate changes more clearly in the Town's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2022 and 2023 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 are 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.

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 custodian 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 combining statements that provide details about our non-major governmental 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; 3 are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Data from the remaining 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of “combining statements” later in this report. The Town's three major governmental funds are:

1. General Fund
2. School Unrestricted Fund
3. American Rescue Plan Fund

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

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

Fiduciary Funds – The Town maintains one other post-employment benefits trust fund and one private-purpose trust fund. 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 81 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 82 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 \$46,031,770 at the close of the most recent fiscal year.

	Town of North Smithfield Net Position					
	June 30, 2023			June 30, 2022		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<u>Assets</u>						
Current assets	\$ 26,719,821	\$ 5,356,076	\$ 32,075,897	\$ 23,752,730	\$ 4,673,621	\$ 28,426,351
Capital assets, net	57,973,319	9,702,373	67,675,692	57,486,792	10,050,685	67,537,477
Other noncurrent assets	6,373,166	1,854,151	8,227,317	7,741,991	2,111,134	9,853,125
Total assets	91,066,306	16,912,600	107,978,906	88,981,513	16,835,440	105,816,953
<u>Deferred outflow of resources</u>						
Deferred pension amounts	4,896,692	-	4,896,692	5,320,845	-	5,320,845
Deferred other post employment benefit amounts	3,529,480	-	3,529,480	4,030,686	-	4,030,686
Deferred amounts on refunding	642,128	19,952	662,080	768,836	23,278	792,114
Total deferred outflow of resources	9,068,300	19,952	9,088,252	10,120,367	23,278	10,143,645
<u>Liabilities</u>						
Current liabilities	10,356,149	469,147	10,825,296	8,023,854	668,042	8,691,896
Noncurrent liabilities	48,241,448	2,402,154	50,643,602	48,024,313	2,714,547	50,738,860
Total liabilities	58,597,597	2,871,301	61,468,898	56,048,167	3,382,589	59,430,756
<u>Deferred inflow of resources</u>						
Deferred pension amounts	4,051,819	-	4,051,819	12,153,155	-	12,153,155
Deferred other post employment benefit amounts	3,423,672	-	3,423,672	3,672,468	-	3,672,468
Deferred sewer assessments	-	2,080,749	2,080,749	-	2,350,570	2,350,570
Other deferred inflows	10,250	-	10,250	-	-	-
Total deferred inflow of resources	7,485,741	2,080,749	9,566,490	15,825,623	2,350,570	18,176,193
<u>Net position</u>						
Net investment in capital assets	40,879,992	7,169,446	48,049,438	37,321,815	7,178,714	44,500,529
Restricted for specific use	10,040,327	260,000	10,300,327	2,971,403	-	2,971,403
Unrestricted	(16,869,051)	4,551,056	(12,317,995)	(13,065,128)	3,946,845	(9,118,283)
Total net position	\$ 34,051,268	\$ 11,980,502	\$ 46,031,770	\$ 27,228,090	\$ 11,125,559	\$ 38,353,649

The largest portion of the Town's net position, \$48,049,438 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, \$10,300,327, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of (\$12,317,995) 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, 2023			June 30, 2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 2,420,173	\$ 2,999,949	\$ 5,420,122	\$ 2,064,239	\$ 3,162,528	\$ 5,226,767
Operating grants	11,324,029	-	11,324,029	10,848,088	-	10,848,088
Capital grants	782,223	-	782,223	402,955	-	402,955
General Revenues						
Property taxes, levied for general purposes	34,761,923	-	34,761,923	36,162,022	-	36,162,022
State aid	4,962,272	-	4,962,272	2,925,638	-	2,925,638
Interest income	342,746	59,654	402,400	33,722	5,058	38,780
Miscellaneous	391,002	260,000	651,002	293,369	-	293,369
Total revenues	54,984,368	3,319,603	58,303,971	52,730,033	3,167,586	55,897,619
Expenses						
General government	2,547,047	-	2,547,047	2,553,537	-	2,553,537
Financial administration	872,096	-	872,096	978,846	-	978,846
Public safety	8,829,592	-	8,829,592	8,149,015	-	8,149,015
Public works	3,646,954	-	3,646,954	3,524,995	-	3,524,995
Settlements	300,000	-	300,000	-	-	-
Education	31,227,436	-	31,227,436	29,455,918	-	29,455,918
Interest	583,347	-	583,347	681,924	-	681,924
Water	-	575,591	575,591	-	565,219	565,219
Sewer	-	2,043,787	2,043,787	-	1,992,193	1,992,193
Total expenses	48,006,472	2,619,378	50,625,850	45,344,235	2,557,412	47,901,647
Excess (deficiency) of revenues over (under) expenses before transfers	6,977,896	700,225	7,678,121	7,385,798	610,174	7,995,972
Transfers in (out)	(154,718)	154,718	-	(59,125)	59,125	-
Change in net position	6,823,178	854,943	7,678,121	7,326,673	669,299	7,995,972
Net position - beginning	27,228,090	11,125,559	38,353,649	19,901,417	10,456,260	30,357,677
Net position - ending	\$ 34,051,268	\$ 11,980,502	\$ 46,031,770	\$ 27,228,090	\$ 11,125,559	\$ 38,353,649

Governmental Activities - To aid in the understanding of the 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 \$6,823,178.

Business-Type activities - Business-type activities increased the Town's net position by \$854,943.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,555,857 an increase of \$577,759 (3.21%) 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 \$11,971,743, of which \$9,063,232 is unassigned (75.71%). The General Fund total fund balance decreased by \$155,737 (-1.28%) during the current fiscal year. The unassigned fund balance in the General Fund represents 21.80% of the total Fiscal Year 2023 General Fund budgeted expenditures (excludes School Pass-thru).

At the end of the current fiscal year, the total fund balance of the School Unrestricted Fund was \$2,324,812, of which \$1,943,298 is restricted for education with the balance being assigned for specific purposes. There are no unassigned balances in the School Unrestricted Fund. The School Unrestricted Fund total fund balance has increased by \$565,519 (32.14%) 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, the net position of the Water Fund amounted to \$3,127,951, an increase of \$502,509 (19.14%) from the prior year Net Position. In the Sewer Fund, net position amounted to \$8,852,551, an increase of \$352,434 (4.15%) 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:

Tax Revenue was \$116,086 over budget. The positive variance is attributed to a higher collection percentage of billed taxes, use of collection agency and DMV registry blocks which aided in the collection of motor vehicle taxes.

Town Clerk licenses and fees were \$26,249 over budget due to real estate stamps as a result a busy housing market.

Interest Income was \$286,311 overbudget due to the unexpected turn in better interest rates in the investment accounts owned by the Town.

FEMA Reimbursement was \$66,713 overbudget due to the expectation of no natural disasters.

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

Police Department was overbudget by \$45,693 mainly due to the overtime line.

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, 2023, amounted to \$67,675,692 (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, 2023			June 30, 2022		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 9,309,242	\$ 16,141	\$ 9,325,383	\$ 9,309,242	\$ 16,141	\$ 9,325,383
Construction in progress	1,026,276	184,714	1,210,990	18,105	44,605	62,710
Land improvements	2,319,670	10,256	2,329,926	2,378,504	11,120	2,389,624
Buildings and improvements	38,896,534	1,266,805	40,163,339	39,350,584	1,314,715	40,665,299
Infrastructure	2,872,004	6,743,355	9,615,359	3,076,788	6,953,295	10,030,083
Machinery, equipment and furniture	984,763	1,481,102	2,465,865	707,238	1,710,809	2,418,047
Vehicles	2,443,214	-	2,443,214	2,585,186	-	2,585,186
Leased Equipment	43,752	-	43,752	61,145	-	61,145
Subscription Assets	77,864	-	77,864	-	-	-
Total	\$ 57,973,319	\$ 9,702,373	\$ 67,675,692	\$ 57,486,792	\$ 10,050,685	\$ 67,537,477

Long-Term Obligations – At the end of the fiscal year, the Town had total long-term obligations outstanding of \$54,120,148. 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, 2023			June 30, 2022		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
General Obligation Bonds & Loans	\$ 17,239,061	\$ 2,530,410	\$ 19,769,471	\$ 20,373,223	\$ 2,869,035	\$ 23,242,258
Lease liabilities	62,275	-	62,275	77,089	-	77,089
Financed purchase payable	57,558	-	57,558	-	-	-
Subscription liability	70,116	-	70,116	-	-	-
Amortized premium on bonds	1,806,762	22,469	1,829,231	2,153,429	26,214	2,179,643
Accrued compensated absences	1,251,362	-	1,251,362	1,131,977	-	1,131,977
Settlements payable	100,100	-	100,100	100,100	-	100,100
Net OPEB obligation	9,791,851	-	9,791,851	9,838,369	-	9,838,369
Net pension liabilities	21,188,184	-	21,188,184	17,513,402	-	17,513,402
Totals	\$ 51,567,269	\$ 2,552,879	\$ 54,120,148	\$ 51,187,589	\$ 2,895,249	\$ 54,082,838

The Town retired bond debt of \$3,134,162 for Governmental Activities and \$338,625 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 CPAs, LLC provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2023.

Economic Factors and Next Year's Budgets and Rates

The budget for the fiscal year 2023-2024 is \$51,255,709.77, an increase of \$2,841,009.48 (5.87%) from the prior year. Education, at \$29,655,907.15 or 57.86% of the total budgeted expenditures. The increase for education was \$1,189,973.26, which is made up primarily of State Aid.

For the fiscal year 2023-2024, the tax rate was broken down into three tiers: residential, commercial, and personal property, with rates of \$14.246, \$19.399, and \$43.632, respectively. The breakdown consists of 42.14% for municipal and 57.86% for education. For the fiscal year 2022-2023, the tax rate was broken down into the same three tiers, with rates of \$13.914, \$18.944, and \$42.62, respectively. The breakdown consists of 41.20% for municipal and 58.80% 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!

Antony St Onge
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, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 25,094,743	\$ 3,780,314	\$ 28,875,057
Real estate and personal property tax receivable, net	972,817	-	972,817
Water and sewer use fees receivable, net	-	399,508	399,508
Sewer assessments receivable, net	-	338,836	338,836
Due from federal and state government	690,358	-	690,358
Accrued interest receivable, net	305,023	-	305,023
Other receivables	254,537	86,516	341,053
Internal balances	(750,902)	750,902	-
Prepaid expenses	153,245	-	153,245
Total current assets	<u>26,719,821</u>	<u>5,356,076</u>	<u>32,075,897</u>
Noncurrent assets:			
Sewer assessments receivable, net	-	1,854,151	1,854,151
Capital assets: (Note 6)			
Non-depreciable assets	10,335,518	200,855	10,536,373
Depreciable buildings, property, equipment, infrastructure, net	47,637,801	9,501,518	57,139,319
Capital assets, net	57,973,319	9,702,373	67,675,692
Net pension assets	6,373,166	-	6,373,166
Total noncurrent assets	<u>64,346,485</u>	<u>11,556,524</u>	<u>75,903,009</u>
Total assets	<u>91,066,306</u>	<u>16,912,600</u>	<u>107,978,906</u>
Deferred outflows of resources:			
Deferred pension amounts	4,896,692	-	4,896,692
Deferred other post-employment benefit amounts	3,529,480	-	3,529,480
Deferred amounts on refunding	642,128	19,952	662,080
Total deferred outflows of resources	<u>9,068,300</u>	<u>19,952</u>	<u>9,088,252</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,907,136	182,688	2,089,824
Accrued interest payable	95,074	33,964	129,038
Performance bonds payable	1,451,987	-	1,451,987
Unearned revenue	3,576,131	-	3,576,131
Lease liabilities - due within one year	16,697	-	16,697
Financed purchase payable - due within one year	13,823	-	13,823
Subscription liability - due within one year	16,839	-	16,839
Settlements payable - due within one year	14,300	-	14,300
Long-term debt - due within one year (Note 7)	3,264,162	252,495	3,516,657
Total current liabilities	<u>10,356,149</u>	<u>469,147</u>	<u>10,825,296</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year (Note 7)	15,781,661	2,300,384	18,082,045
Lease liabilities - due in more than one year	45,578	-	45,578
Financed purchase payable - due in more than one year	43,735	-	43,735
Subscription liability - due in more than one year	53,277	-	53,277
Accrued compensated absences	1,251,362	-	1,251,362
Settlements payable - due in more than one year	85,800	-	85,800
Other liabilities	-	101,770	101,770
Net pension liabilities	21,188,184	-	21,188,184
Net other post-employment benefit liabilities	9,791,851	-	9,791,851
Total noncurrent liabilities	<u>48,241,448</u>	<u>2,402,154</u>	<u>50,643,602</u>
Total liabilities	<u>58,597,597</u>	<u>2,871,301</u>	<u>61,468,898</u>
Deferred Inflows of Resources:			
Deferred pension amounts	4,051,819	-	4,051,819
Deferred other post-employment benefit amounts	3,423,672	-	3,423,672
Deferred sewer assessments	-	2,080,749	2,080,749
Other deferred inflows	10,250	-	10,250
Total deferred inflows of resources	<u>7,485,741</u>	<u>2,080,749</u>	<u>9,566,490</u>
Net Position:			
Net investment in capital assets	40,879,992	7,169,446	48,049,438
Restricted for:			
Education programs	2,257,246	-	2,257,246
Public safety programs	879,489	-	879,489
Historical records preservation	59,300	-	59,300
Employee benefit plans	6,373,166	-	6,373,166
Other programs	471,126	260,000	731,126
Unrestricted	(16,869,051)	4,551,056	(12,317,995)
Total net position	<u>\$ 34,051,268</u>	<u>\$ 11,980,502</u>	<u>\$ 46,031,770</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, 2023

<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	\$ 2,547,047	\$ 459,668	\$ 331,620	\$ 34,264	\$ (1,721,495)	\$ -	\$ (1,721,495)
Financial administration	872,096	65,144	-	-	(806,952)	-	(806,952)
Public safety	8,829,592	876,663	17,413	34,087	(7,901,429)	-	(7,901,429)
Public works	3,646,954	331,803	5,100	-	(3,310,051)	-	(3,310,051)
Settlements	300,000	-	-	-	(300,000)	-	(300,000)
Education	31,227,436	686,895	9,915,853	713,872	(19,910,816)	-	(19,910,816)
Interest on long-term debt	583,347	-	1,054,043	-	470,696	-	470,696
Total governmental activities	48,006,472	2,420,173	11,324,029	782,223	(33,480,047)	-	(33,480,047)
Business-Type Activities:							
Water	575,591	663,382	-	-	-	87,791	87,791
Sewer	2,043,787	2,336,567	-	-	-	292,780	292,780
Total business-type activities	2,619,378	2,999,949	-	-	-	380,571	380,571
Total	\$ 50,625,850	\$ 5,420,122	\$ 11,324,029	\$ 782,223	(33,480,047)	380,571	(33,099,476)
General Revenues:							
Taxes:							
Property taxes							
					34,761,923	-	34,761,923
State aid and in lieu of taxes,							
not restricted for a specific purpose							
					4,962,272	-	4,962,272
Investment earnings							
					342,746	59,654	402,400
Miscellaneous							
					391,002	260,000	651,002
Transfers							
					(154,718)	154,718	-
Total general revenues and transfers							
					40,303,225	474,372	40,777,597
Change in net position							
					6,823,178	854,943	7,678,121
Net position - beginning of year							
					27,228,090	11,125,559	38,353,649
Net position - end of year							
					\$ 34,051,268	\$ 11,980,502	\$ 46,031,770

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 20,636,580	\$ 1,942,202	\$ -	\$ 2,515,961	\$ 25,094,743
Real estate and personal property tax receivable (net)	972,817	-	-	-	972,817
Due from federal and state governments	-	27,514	-	662,844	690,358
Other receivables	189,743	-	-	64,794	254,537
Due from other funds	44,570	1,237,755	3,592,036	1,828,490	6,702,851
Prepaid expenditures	153,245	-	-	-	153,245
Total assets	<u>\$ 21,996,955</u>	<u>\$ 3,207,471</u>	<u>\$ 3,592,036</u>	<u>\$ 5,072,089</u>	<u>\$ 33,868,551</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued expenditures	\$ 1,048,327	\$ 599,033	\$ 15,905	\$ 77,755	\$ 1,741,020
Due to other funds	6,498,903	283,626	-	671,224	7,453,753
Performance bonds payable	1,451,987	-	-	-	1,451,987
Unearned revenue	-	-	3,576,131	-	3,576,131
Other liabilities	166,116	-	-	-	166,116
Total liabilities	<u>9,165,333</u>	<u>882,659</u>	<u>3,592,036</u>	<u>748,979</u>	<u>14,389,007</u>
Deferred Inflows of Resources:					
Deferred property taxes	859,879	-	-	-	859,879
Other deferred revenues	-	-	-	63,808	63,808
Total deferred inflows of resources	<u>859,879</u>	<u>-</u>	<u>-</u>	<u>63,808</u>	<u>923,687</u>
Fund Balances:					
Nonspendable:					
Prepaid expenditures	153,245	-	-	-	153,245
Restricted for:					
Education programs	-	1,943,298	-	313,948	2,257,246
Public safety programs	-	-	-	879,489	879,489
Historical records preservation	-	-	-	59,300	59,300
Capital projects	-	-	-	1,500,317	1,500,317
Other programs	-	-	-	417,568	417,568
Committed for:					
Road resurfacing and repairs	614,580	-	-	-	614,580
Revaluation	114,399	-	-	-	114,399
Capital assets and projects	526,449	-	-	924,064	1,450,513
Branch Village project	67,000	-	-	-	67,000
Public safety programs	6,472	-	-	164,616	171,088
Halliwel	65,276	-	-	-	65,276
Other	249,912	-	-	-	249,912
Assigned to:					
Road resurfacing and repairs	428,153	-	-	-	428,153
Capital assets and projects	155,005	-	-	-	155,005
Halliwel	131,510	-	-	-	131,510
Other	396,510	-	-	-	396,510
Building and field maintenance	-	304,358	-	-	304,358
Preschool program	-	51,458	-	-	51,458
Extraordinary special education costs	-	25,698	-	-	25,698
Unassigned	9,063,232	-	-	-	9,063,232
Total fund balances	<u>11,971,743</u>	<u>2,324,812</u>	<u>-</u>	<u>4,259,302</u>	<u>18,555,857</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,996,955</u>	<u>\$ 3,207,471</u>	<u>\$ 3,592,036</u>	<u>\$ 5,072,089</u>	<u>\$ 33,868,551</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, 2023

Total Fund Balances - Total Governmental Funds	\$ 18,555,857
 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.	57,973,319
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.	305,023
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	53,558
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.	859,879
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.	(95,074)
Long-term liabilities (including bonds and loans payable, leases liabilities, financed purchase payable, subscription liability, compensated absences, settlements, 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.	(51,567,269)
Deferred outflows related debt refunding are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	642,128
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in Governmental Funds financial statements.	6,373,166
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	4,896,692
Deferred inflows - pension	(4,051,819)
Deferred outflows - other post-employment benefits	3,529,480
Deferred inflows - other post-employment benefits	(3,423,672)
Net Position of Governmental Activities	\$ 34,051,268

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, 2023

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 34,599,173	\$ -	\$ -	\$ -	\$ 34,599,173
Motor vehicle excise in lieu of tax	4,398,531	-	-	-	4,398,531
Intergovernmental and grant revenue	1,821,471	8,044,025	140,110	2,129,893	12,135,499
Town clerk licenses and fees	364,968	-	-	-	364,968
Other departmental fines and fees	664,651	274,304	-	137,294	1,076,249
Investment and interest income	306,711	-	-	36,035	342,746
Other revenues	324,064	285,293	-	1,038,925	1,648,282
Total revenues	<u>42,479,569</u>	<u>8,603,622</u>	<u>140,110</u>	<u>3,342,147</u>	<u>54,565,448</u>
Expenditures:					
Current:					
General government	2,531,898	-	-	22,550	2,554,448
Financial administration	891,972	-	-	-	891,972
Public safety	8,587,553	-	-	161,240	8,748,793
Public works	3,398,252	-	-	9,911	3,408,163
Education	-	29,535,208	-	2,807,378	32,342,586
Settlements	300,000	-	-	-	300,000
Other	-	-	-	48,384	48,384
Capital outlay	1,490,140	-	-	260,507	1,750,647
Debt service:					
Principal	3,134,162	-	-	-	3,134,162
Interest and issuance costs	811,352	-	-	-	811,352
Total expenditures	<u>21,145,329</u>	<u>29,535,208</u>	<u>-</u>	<u>3,309,970</u>	<u>53,990,507</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>21,334,240</u>	<u>(20,931,586)</u>	<u>140,110</u>	<u>32,177</u>	<u>574,941</u>
Other financing sources (uses):					
Debt issued	71,020	-	-	-	71,020
Subscription based IT arrangement (SBITA)	86,516	-	-	-	86,516
Transfers from other funds	-	21,544,651	-	135,800	21,680,451
Transfers to other funds	(21,647,513)	(47,546)	(140,110)	-	(21,835,169)
Total other financing sources (uses)	<u>(21,489,977)</u>	<u>21,497,105</u>	<u>(140,110)</u>	<u>135,800</u>	<u>2,818</u>
Net change in fund balances	(155,737)	565,519	-	167,977	577,759
Fund balances - beginning of year	<u>12,127,480</u>	<u>1,759,293</u>	<u>-</u>	<u>4,091,325</u>	<u>17,978,098</u>
Fund balances - end of year	<u>\$ 11,971,743</u>	<u>\$ 2,324,812</u>	<u>\$ -</u>	<u>\$ 4,259,302</u>	<u>\$ 18,555,857</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, 2023

Net Changes in Fund Balances - Total Governmental Funds \$ 577,759

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. 2,888,815

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. (2,402,288)

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. 2,308,298

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 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 during the current period. 3,134,162

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

Leases, financed purchase and subscription liabilities provide current financial resources to Governmental Funds, but they increase long-term liabilities in the Government-Wide Statement of Net Position. Repayment of principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide statements. This amount represents lease principal payments during the current period. 14,814
This amount represents financed purchase principal payments during the current period. 13,462
This amount represents subscription principal payments during the current period. 16,400
This amount represents financed purchase agreements entered into during the current period. (71,020)
This amount represents subscription based IT arrangements entered into during the current period. (86,516)

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. 8,046

New loans are reported as an increase in accounts receivable in the Government-Wide Statement of Net Position, but are reported as expenditures in the Governmental Funds financial statements. 38,536

Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds. 162,751

Change in Net Position of Governmental Activities \$ 6,823,178

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, 2023

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<u><i>Water</i></u>	<u><i>Sewer</i></u>	<u><i>Total</i></u>
	<u><i>Fund</i></u>	<u><i>Fund</i></u>	<u></u>
<i>Assets</i>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ -	\$ 3,780,314	\$ 3,780,314
Accounts receivable:			
Water and sewer use fees, net	183,464	216,044	399,508
Sewer assessments, net	-	338,836	338,836
Other	-	86,516	86,516
Due from other funds	<u>770,033</u>	<u>-</u>	<u>770,033</u>
Total current assets	<u>953,497</u>	<u>4,421,710</u>	<u>5,375,207</u>
<i>Noncurrent assets:</i>			
Sewer assessments receivable, net	-	1,854,151	1,854,151
Capital assets:			
Non-depreciable assets	200,855	-	200,855
Depreciable assets - net	<u>3,171,804</u>	<u>6,329,714</u>	<u>9,501,518</u>
Total noncurrent assets	<u>3,372,659</u>	<u>8,183,865</u>	<u>11,556,524</u>
Total assets	<u>4,326,156</u>	<u>12,605,575</u>	<u>16,931,731</u>
<i>Deferred outflows of resources</i>			
Deferred amounts on refunding	-	19,952	19,952
Total deferred outflows of resources	<u>-</u>	<u>19,952</u>	<u>19,952</u>
<i>Liabilities</i>			
<i>Current liabilities:</i>			
Accounts payable and accrued expenses	168,162	14,526	182,688
Accrued interest payable	23,436	10,528	33,964
Due to other funds	-	19,131	19,131
Current portion of long term debt	<u>73,544</u>	<u>178,951</u>	<u>252,495</u>
Total current liabilities	<u>265,142</u>	<u>223,136</u>	<u>488,278</u>
<i>Noncurrent liabilities:</i>			
Long-term debt	889,763	1,410,621	2,300,384
Other liabilities	<u>43,300</u>	<u>58,470</u>	<u>101,770</u>
Total noncurrent liabilities	<u>933,063</u>	<u>1,469,091</u>	<u>2,402,154</u>
Total liabilities	<u>1,198,205</u>	<u>1,692,227</u>	<u>2,890,432</u>
<i>Deferred inflows of resources</i>			
Deferred sewer assessments	-	2,080,749	2,080,749
Total deferred inflows of resources	<u>-</u>	<u>2,080,749</u>	<u>2,080,749</u>
<i>Net position</i>			
Net investment in capital assets	2,409,352	4,760,094	7,169,446
Restricted for water connections	260,000	-	260,000
Unrestricted	<u>458,599</u>	<u>4,092,457</u>	<u>4,551,056</u>
Total net position	<u>\$ 3,127,951</u>	<u>\$ 8,852,551</u>	<u>\$ 11,980,502</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, 2023

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<i>Water</i>	<i>Sewer</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
<i>Operating revenues</i>			
Assessments and user fees	\$ 645,975	\$ 2,261,227	\$ 2,907,202
Other revenues	17,407	75,340	92,747
<i>Total operating revenues</i>	663,382	2,336,567	2,999,949
<i>Operating expenses</i>			
Salaries and benefits	34,581	198,598	233,179
Service	322,505	1,193,632	1,516,137
Operating supplies	2,772	7,491	10,263
Fixed and general charges	78,253	189,318	267,571
Depreciation	106,492	424,776	531,268
<i>Total operating expenses</i>	544,603	2,013,815	2,558,418
<i>Operating income</i>	118,779	322,752	441,531
<i>Nonoperating revenues (expenses)</i>			
Interest income	-	59,654	59,654
Other non-operating revenue	260,000	-	260,000
Interest expense	(30,988)	(29,972)	(60,960)
<i>Total non-operating revenues (expenses)</i>	229,012	29,682	258,694
<i>Income before transfers</i>	347,791	352,434	700,225
<i>Transfer in</i>	154,718	-	154,718
<i>Change in net position</i>	502,509	352,434	854,943
<i>Total net position - beginning of year</i>	2,625,442	8,500,117	11,125,559
<i>Total net position - end of year</i>	\$ 3,127,951	\$ 8,852,551	\$ 11,980,502

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, 2023

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<u><i>Water</i></u>	<u><i>Sewer</i></u>	<u><i>Total</i></u>
	<u><i>Fund</i></u>	<u><i>Fund</i></u>	<u><i>Total</i></u>
<i>Cash flows from operating activities</i>			
Cash received from customers	\$ 678,119	\$ 2,228,480	\$ 2,906,599
Cash payments to suppliers for goods and services	(496,024)	(1,328,437)	(1,824,461)
Cash payments to employees for services	(44,784)	(256,418)	(301,202)
Other non-operating revenue	260,000	-	260,000
 <i>Net cash provided by operating activities</i>	 <u>397,311</u>	 <u>643,625</u>	 <u>1,040,936</u>
 <i>Cash flows from non-capital financing activities</i>			
Transfers from other funds	154,718	-	154,718
Interfund transactions	(270,928)	10,775	(260,153)
 <i>Net cash provided by (used for) non-capital financing activities</i>	 <u>(116,210)</u>	 <u>10,775</u>	 <u>(105,435)</u>
 <i>Cash flows from capital and related financing activities</i>			
Acquisition and construction of capital assets	(140,109)	(42,847)	(182,956)
Principal paid on bonds and loans	(107,526)	(231,099)	(338,625)
Interest paid on bonds and loans	(33,466)	(31,710)	(65,176)
 <i>Net cash used for capital and related financing activities</i>	 <u>(281,101)</u>	 <u>(305,656)</u>	 <u>(586,757)</u>
 <i>Cash flows from investing activities</i>			
Investment income	-	59,654	59,654
 <i>Net cash provided by investing activities</i>	 <u>-</u>	 <u>59,654</u>	 <u>59,654</u>
 <i>Net increase in cash and cash equivalents</i>	 -	 408,398	 408,398
 <i>Cash and cash equivalents, beginning of year</i>	 <u>-</u>	 <u>3,371,916</u>	 <u>3,371,916</u>
 <i>Cash and cash equivalents, end of year</i>	 <u>\$ -</u>	 <u>\$ 3,780,314</u>	 <u>\$ 3,780,314</u>

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

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	<i>Business-Type Activities</i>		
	<i>Enterprise Funds</i>		
	<i>Water</i>	<i>Sewer</i>	<i>Total</i>
	<i>Fund</i>	<i>Fund</i>	<i>Total</i>
<i>Reconciliation of operating income to net cash provided by operating activities</i>			
Operating income	\$ 118,779	\$ 322,752	\$ 441,531
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>			
Depreciation	106,492	424,776	531,268
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	14,738	228,341	243,079
Increase (decrease) in accounts payable and accrued expenses	(102,698)	(62,423)	(165,121)
Increase (decrease) in deferred sewer assessments	-	(269,821)	(269,821)
Non-operating revenue reported as operating revenue received	260,000	-	260,000
<i>Net cash provided by operating activities</i>	\$ 397,311	\$ 643,625	\$ 1,040,936

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, 2023

	<i>Other Post-Employment Benefits Trust Fund</i>	<i>Private-Purpose Trust Buxton Family Association</i>
	<u> </u>	<u> </u>
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ 846
Investments:		
Pooled investments	2,031,639	-
Total assets	<u>2,031,639</u>	<u>846</u>
 <i>Net position</i>		
Restricted for other post employment benefits and other purposes	<u>\$ 2,031,639</u>	<u>\$ 846</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, 2023

	<i>Other Post-Employment Benefits Trust Fund</i>	<i>Private-Purpose Trust Buxton Family Association</i>
Additions		
Contributions:		
Employer	\$ 762,434	\$ -
Total contributions	<u>762,434</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	147,959	-
Interest and dividends	<u>-</u>	<u>14</u>
Total investment earnings	147,959	14
Less investment expense	<u>5,436</u>	<u>-</u>
Net investment income	<u>142,523</u>	<u>14</u>
Total additions	<u>904,957</u>	<u>14</u>
Deductions		
Benefits	<u>507,551</u>	<u>-</u>
Total deductions	<u>507,551</u>	<u>-</u>
Change in net position	397,406	14
Net position - beginning of year	<u>1,634,233</u>	<u>832</u>
Net position - end of year	<u>\$ 2,031,639</u>	<u>\$ 846</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, 2023

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. Through the application of GASB Statements Nos. 14, 39 and 61 criteria, the Other Post-Employment Benefits Trust has been presented as a fiduciary component unit of the Town in the Fiduciary Fund Financial Statements.

The Other Post-Employment Benefits Trust is an other post-employment benefit plan established by a trust agreement adopted effective August 21, 2017. The Other Post-Employment Benefits Trust does not have a governing board and the Town Council performs the duties of a governing board and, thus, can impose its will on the Other Post-Employment Benefits Trust. The fiscal year of the Other Post-Employment Benefits Trust ends on June 30. The Other Post-Employment Benefits Trust does not issue separate financial statements.

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-

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 regard 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,

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 those 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 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.

American Rescue Plan Fund – The American Rescue Plan Fund is used to account for federal ARPA funds received by the Town.

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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

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

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town’s Fiduciary Funds include an Other Post-Employment Benefits Trust Fund and a Private Purpose Trust Fund. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as a custodian 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.

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.

C. RECENTLY ISSUED ACCOUNTING STANDARDS

The Town has implemented the following new accounting pronouncements:

- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2023.
- 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. 99 – *Omnibus 2022*, requirements related to leases, PPPs and SBITAs effective for the Town’s fiscal year ending June 30, 2023.

The adoption of GASB Statement No. 91 and 94, and portions of GASB Statement No. 99 applicable in fiscal year 2023 did not have an impact on the Town’s financial position or results of operations. As disclosed in Notes 6 and 7F, the adoption of GASB Statement No. 96 resulted in the reporting of a subscription liability and the related subscription right-to-use asset.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

- GASB Statement No. 99 – *Omnibus 2022*, requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the Town’s fiscal year ending June 30, 2024.
- GASB Statement No. 101 – *Compensated Absences*, effective for the Town’s fiscal year ending June 30, 2025.
- GASB Statement No. 102 – *Certain Risk Disclosures*, effective for the Town’s fiscal year ending June 30, 2025.

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 or its equivalent (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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. CAPITAL ASSETS

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

I. 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.

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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

K. PROPERTY TAXES

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98.4% of the total 2022 levy. The Town's fiscal 2022-2023 property taxes were levied on June 27, 2022 on assessed valuation as of December 31, 2021. Upon levy, taxes are due

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

L. 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 on 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 on June 30, 2023.

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.

M. 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.

N. LEASES

The Town is lessee for noncancellable leases of office equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Government-Wide Financial Statements. At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Key estimates and judgments related to leases include how the Town determines the discount rate it uses to discount the expected leases payments to present value, lease term, and lease payments. The Town uses the interest rate charged by the lessor as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities in the Government-Wide Statement of Net Position.

O. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Town has entered into a SBITA contract to use vendor provided IT software and associated tangible capital assets. The Town recognizes a subscription liability and intangible right-to-use subscription asset (subscription asset) in the Government-Wide Financial Statements.

At the commencement of a SBITA, the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the subscription commencement date, plus certain capitalizable initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Town uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the SBITA, and periods covered by the Town's option to extend the subscription if it is reasonably certain, based on all relevant factors, that the Town will exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments made by the Town.

The Town monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term liabilities in the Government-Wide Statement of Net Position.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

P. PENSIONS

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

Q. POST-EMPLOYMENT 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.

R. 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 \$61,421,216. As of June 30, 2023, the Town's debt subject to the legal debt margin is \$1,574,321 and the Town is under the debt limit by \$59,846,895. The debt subject to the debt limitation is based on the type of debt that is issued.

NOTE 3 – CASH DEPOSITS

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Carrying Amount</u>
Total Deposits	\$28,874,753
Add: Petty cash	1,150
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	\$28,875,903

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, 2023, \$29,013,735 of the Town’s bank balance of \$30,013,735 was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (Federal depository insurance funds)	\$1,000,000
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	22,978,041
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	6,035,694
Uninsured and uncollateralized	-
<i>Total</i>	\$30,013,735

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. On June 30, 2023, the Town had no uncollateralized deposits with institutions.

NOTE 4 – INVESTMENTS

On June 30, 2023, the Town’s investment balances were as follows:

	<u>Fair Value</u>
<u>Investment</u> Trust OPEB Funding Program	\$2,031,639
<i>Total Investments Reported in the Financial Statements</i>	\$2,031,639

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.

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

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

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

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

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, 2023.

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	\$2,031,639	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, total international bond index fund, and REIT index fund. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2023 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	\$ 9,309,242	\$ -	\$ -	\$ 9,309,242
Construction in progress	18,105	1,026,276	18,105	1,026,276
	<u>9,327,347</u>	<u>1,026,276</u>	<u>18,105</u>	<u>10,335,518</u>
Depreciable assets:				
Land improvements	5,093,124	129,535	-	5,222,659
Buildings and improvements	66,222,833	795,748	-	67,018,581
Infrastructure	25,927,042	-	-	25,927,042
Machinery, equipment and furniture	4,350,885	480,545	-	4,831,430
Vehicles	6,065,733	388,300	-	6,454,033
Leased equipment	86,967	-	-	86,967
Subscription assets	-	86,516	-	86,516
	<u>107,746,584</u>	<u>1,880,644</u>	<u>-</u>	<u>109,627,228</u>
Total capital assets	<u>117,073,931</u>	<u>2,906,920</u>	<u>18,105</u>	<u>119,962,746</u>
Less accumulated depreciation for:				
Land improvements	2,714,620	188,369	-	2,902,989
Buildings and improvements	26,872,249	1,249,798	-	28,122,047
Infrastructure	22,850,254	204,784	-	23,055,038
Machinery, equipment and furniture	3,643,647	203,020	-	3,846,667
Vehicles	3,480,547	530,272	-	4,010,819
Less accumulated amortization for:				
Leased equipment	25,822	17,393	-	43,215
Subscription assets	-	8,652	-	8,652
	<u>59,587,139</u>	<u>2,402,288</u>	<u>-</u>	<u>61,989,427</u>
Total accumulated depreciation and amortization	<u>59,587,139</u>	<u>2,402,288</u>	<u>-</u>	<u>61,989,427</u>
Governmental activities capital assets, net	<u>\$ 57,486,792</u>	<u>\$ 504,632</u>	<u>\$ 18,105</u>	<u>\$ 57,973,319</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Business-Type Activities

Nondepreciable assets:

Land	\$ 16,141	\$ -	\$ -	\$ 16,141
Construction in progress	44,605	140,109	-	184,714
	60,746	140,109	-	200,855

Depreciable assets:

Land improvements	32,405	-	-	32,405
Buildings and improvements	2,395,497	-	-	2,395,497
Infrastructure	13,773,279	-	-	13,773,279
Machinery, equipment and furniture	19,338,034	42,847	-	19,380,881
Vehicles	139,110	-	-	139,110
	35,678,325	42,847	-	35,721,172
Total capital assets	35,739,071	182,956	-	35,922,027

Less accumulated depreciation for:

Land improvements	21,285	864	-	22,149
Buildings and improvements	1,080,782	47,910	-	1,128,692
Infrastructure	6,819,984	209,940	-	7,029,924
Machinery, equipment and furniture	17,627,225	272,554	-	17,899,779
Vehicles	139,110	-	-	139,110
	25,688,386	531,268	-	26,219,654
Total accumulated depreciation	25,688,386	531,268	-	26,219,654
Business-type activities capital assets, net	\$ 10,050,685	\$ (348,312)	\$ -	\$ 9,702,373

Depreciation and amortization expense was charged as follows:

Governmental activities:

General government	\$ 146,469
Public safety	362,115
Public works	527,935
Education	1,365,769
Total depreciation and amortization expense, governmental activities	\$ 2,402,288

Business-type activities:

Water fund	\$ 106,492
Sewer fund	424,776
Total depreciation expense, business-type activities	\$ 531,268

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2023 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	\$ 18,803,223	\$ -	\$ 2,754,162	\$ 16,049,061	\$ 2,854,162
Bonds from direct placements	120,000	-	60,000	60,000	60,000
Loans from direct borrowings	1,450,000	-	320,000	1,130,000	350,000
	<u>20,373,223</u>	<u>-</u>	<u>3,134,162</u>	<u>17,239,061</u>	<u>3,264,162</u>
Plus amortized premium on bonds	2,153,429	-	346,667	1,806,762	-
Total bonds and loans	<u>22,526,652</u>	<u>-</u>	<u>3,480,829</u>	<u>19,045,823</u>	<u>3,264,162</u>
Other liabilities:					
Lease liabilities	77,089	-	14,814	62,275	16,697
Financed purchase payable	-	71,020	13,462	57,558	13,823
Subscription liability	-	86,516	16,400	70,116	16,839
Accrued compensated absences	1,131,977	166,615	47,230	1,251,362	-
Settlements payable	100,100	-	-	100,100	14,300
Net other post-employment benefit liabilities	9,838,369	201,216	247,734	9,791,851	-
Net pension liabilities	17,513,402	3,674,782	-	21,188,184	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 51,187,589</u>	<u>\$ 4,200,149</u>	<u>\$ 3,820,469</u>	<u>\$ 51,567,269</u>	<u>\$ 3,325,821</u>
Business- type activities:					
Bonds and loans payable:					
Bonds payable	\$ 295,939	\$ -	\$ 55,837	\$ 240,102	\$ -
Bonds and loans from direct borrowings	2,573,096	-	282,788	2,290,308	252,495
	<u>2,869,035</u>	<u>-</u>	<u>338,625</u>	<u>2,530,410</u>	<u>252,495</u>
Plus amortized premium on bonds	26,214	-	3,745	22,469	-
Total bonds and loans	<u>2,895,249</u>	<u>-</u>	<u>342,370</u>	<u>2,552,879</u>	<u>252,495</u>
Total Business- Type Activities Long-Term Liabilities	<u>\$ 2,895,249</u>	<u>\$ -</u>	<u>\$ 342,370</u>	<u>\$ 2,552,879</u>	<u>\$ 252,495</u>

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, 2023, a loan payable of \$444,321 is reported in the Water Fund.

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 lease liabilities are paid from the School Unrestricted Fund. The financed purchase payable and subscription liability are paid from

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

the General Fund. The compensated absences, net other post-employment benefit liabilities, and net pension liabilities are paid from the General Fund and School Unrestricted Fund.

B. GENERAL OBLIGATION BONDS AND LOANS DEBT SERVICE REQUIREMENTS

The debt service requirements on June 30, 2023 were as follows:

<i>Fiscal Year Ended June 30,</i>	<i>Governmental Activities Bonds and Loans Payable</i>		<i>Governmental Activities Bonds from Direct Placements</i>		<i>Governmental Activities Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2024	\$ 2,854,162	\$ 646,356	\$ 60,000	\$ 678	\$ 350,000
2025	2,959,162	532,231	-	-	375,000	29,952
2026	3,060,559	412,684	-	-	405,000	15,552
2027	2,334,163	282,487	-	-	-	-
2028	2,421,954	172,326	-	-	-	-
2029-2033	1,129,061	313,366	-	-	-	-
2034-2038	1,075,000	130,075	-	-	-	-
2039	215,000	6,450	-	-	-	-
	<u>\$ 16,049,061</u>	<u>\$ 2,495,975</u>	<u>\$ 60,000</u>	<u>\$ 678</u>	<u>\$ 1,130,000</u>	<u>\$ 88,896</u>

<i>Fiscal Year Ended June 30,</i>	<i>Business-Type Activities Bonds Payable</i>		<i>Business-Type Activities Bonds and Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2024	\$ -	\$ 2,401	\$ 252,495
2025	55,838	4,244	257,976	46,240
2026	54,442	3,141	264,037	40,333
2027	55,837	2,038	270,151	34,136
2028	53,046	949	272,101	27,885
2029-2033	20,939	209	707,570	85,586
2034-2038	-	-	181,052	49,418
2039-2040	-	-	84,926	6,460
	<u>\$ 240,102</u>	<u>\$ 12,982</u>	<u>\$ 2,290,308</u>	<u>\$ 341,859</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Financial Statements

June 30, 2023

C. SCHEDULE OF BONDS AND LOANS PAYABLE

<u>Purpose</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2022</u>	<u>New Issues</u>	<u>Refundings/ Maturities During Year</u>	<u>Outstanding June 30, 2023</u>
Governmental Activities:								
Bonds and loans payable:								
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	\$ 1,441,624	\$ 908,223	\$ -	\$ 144,162	\$ 764,061
General obligation bond	6/30/2016	2.00-4.00%	6/15/2026	7,350,000	3,180,000	-	770,000	2,410,000
Refunding loan	8/10/2016	2.00-5.00%	5/15/2028	17,115,000	11,060,000	-	1,625,000	9,435,000
School general obligation bond	5/16/2019	3.00-4.00%	5/15/2039	4,300,000	3,655,000	-	215,000	3,440,000
Bonds from direct placements:								
General obligation bond	12/30/2013	2.25%	12/15/2023	545,000	120,000	-	60,000	60,000
Loans from direct borrowings:								
School loan	9/2/2010	3.84%	4/1/2026	3,550,000	1,450,000	-	320,000	1,130,000
Total Governmental Activities				<u>34,301,624</u>	<u>20,373,223</u>	<u>-</u>	<u>3,134,162</u>	<u>17,239,061</u>
Business-Type Activities:								
Water Fund:								
Bonds and loans from direct borrowings:								
Water bond	8/26/1999	5.00%	8/26/2039	790,900	538,459	-	19,473	518,986
Shell oil bond	9/16/1997	5.50%	9/16/2022	500,000	35,017	-	35,017	-
Water loan	5/21/2020	0.77-1.20%	9/1/2030	1,400,000	497,357	-	53,036	444,321
				<u>2,690,900</u>	<u>1,070,833</u>	<u>-</u>	<u>107,526</u>	<u>963,307</u>
Sewer Fund:								
Bonds payable:								
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	558,376	295,939	-	55,837	240,102
Bonds and loans from direct borrowings:								
Clean water revolving loan	10/6/2009	0.49-1.93%	9/1/2029	4,750,000	1,502,263	-	175,262	1,327,001
				<u>5,308,376</u>	<u>1,798,202</u>	<u>-</u>	<u>231,099</u>	<u>1,567,103</u>
Total Business-Type Activities				<u>7,999,276</u>	<u>2,869,035</u>	<u>-</u>	<u>338,625</u>	<u>2,530,410</u>
Total Bonds and Loans Payable				<u>\$ 42,300,900</u>	<u>\$ 23,242,258</u>	<u>\$ -</u>	<u>\$ 3,472,787</u>	<u>\$ 19,769,471</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

D. LEASE LIABILITIES

The Town entered into two five-year lease agreements for the acquisition and use of office equipment in March 2021 and March 2022, respectively. As of June 30, 2023, the value of the lease liabilities was \$62,275. The Town is required to make monthly principal and interest payments of \$952 and \$982, respectively. The leases have an interest rate of 12.7% and 11.3%, respectively. In addition, the Town will purchase the equipment for \$1 at the end of the lease term. The equipment has a 5-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$86,967 and accumulated amortization was \$43,215.

The future principal and interest payments as of June 30, 2023 were as follows:

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Leases Liabilities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 16,697	\$ 6,512	\$ 23,209
2025	18,820	4,390	23,210
2026	18,326	2,026	20,352
2027	8,432	403	8,835
	\$ 62,275	\$ 13,331	\$ 75,606

E. FINANCED PURCHASE PAYABLE

The Town acquired police equipment valued at \$71,020 using a financed purchase agreement.

The future principal and interest payments as of June 30, 2023 were as follows:

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Financed Purchase Payable</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 13,823	\$ 1,544	\$ 15,367
2025	14,194	1,173	15,367
2026	14,575	792	15,367
2027	14,966	401	15,367
	\$ 57,558	\$ 3,910	\$ 61,468

F. SUBSCRIPTION LIABILITY

The Town entered into a subscription-based information technology arrangement (SBITA) contract to use vendor provided IT software. As of June 30, 2023, the value of the subscription liability was \$70,116. The related subscription asset has an estimated useful life of 5 years. The value of the right-to-use asset as of June 30, 2023 was \$86,516 and accumulated amortization was \$8,652.

The future principal and interest payments as of June 30, 2023 were as follows:

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Governmental Activities</i> <i>Subscription Liability</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 16,839	\$ 1,881	\$ 18,720
2025	17,291	1,429	18,720
2026	17,755	965	18,720
2027	18,231	489	18,720
	\$ 70,116	\$ 4,764	\$ 74,880

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances on June 30, 2023 were as follows:

	<i>Due From:</i>				<i>Total</i>
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Sewer Fund</i>	
<i>Due To:</i>					
General Fund	\$ (1)	\$ -	\$ 25,440	\$ 19,131	\$ 44,570
School Unrestricted Fund	591,971	-	645,784	-	1,237,755
American Rescue Plan Fund	3,592,036	-	-	-	3,592,036
Nonmajor Governmental Funds	1,544,864	283,626	-	-	1,828,490
Water Fund	770,033	-	-	-	770,033
<i>Total</i>	\$ 6,498,903	\$ 283,626	\$ 671,224	\$ 19,131	\$ 7,472,884

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>American Rescue Plan Fund</i>	
<i>Transfer To:</i>				
School Unrestricted Fund	\$ 21,544,651	\$ -	\$ -	\$ 21,544,651
Nonmajor Governmental Funds	88,254	47,546	-	135,800
Water Fund	14,608	-	140,110	154,718
<i>Total</i>	\$ 21,647,513	\$ 47,546	\$ 140,110	\$ 21,835,169

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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:

<u>Fund/Description</u>	<u>Allowance for Doubtful Accounts</u>
Governmental Activities/General Fund – Real estate and personal property tax receivable	\$934,048
Governmental Activities – Accrued interest receivable	326,494
Business-Type Activities/Water Fund – Use fees receivable	1,853
Business-Type Activities/Sewer Fund – Use fees receivable	6,682
Business-Type Activities/Sewer Fund – Sewer assessments receivable	3,510

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities on June 30, 2023, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 429,493	\$ 297,803	\$ 321,031	\$ 1,048,327
School Unrestricted Fund	198,316	400,717	-	599,033
American Rescue Plan Fund	15,905	-	-	15,905
Nonmajor Governmental Funds	72,113	5,642	-	77,755
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	166,116	166,116
Total Governmental Activities	\$ 715,827	\$ 704,162	\$ 487,147	\$ 1,907,136
Business-Type Activities:				
Water Fund	\$ 66,733	\$ 1,073	\$ 100,356	\$ 168,162
Sewer Fund	8,447	6,079	-	14,526
Total Business-Type Activities	\$ 75,180	\$ 7,152	\$ 100,356	\$ 182,688

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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”.

The Town considers restricted resources to have been spent when an expense is incurred for which both restricted and unrestricted net position is available.

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 include 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Committed fund balances are established, modified, or rescinded by an ordinance or resolution adopted by the Town Council. Assigned fund balances are authorized by the Town Council or an official that the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

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, 2023

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

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

The total fund balances for Governmental Funds of \$18,555,857 differs from the total net position for Governmental Activities of \$34,051,268 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	\$ 25,094,743	\$ -	\$ -	\$ 25,094,743
Real and personal property				
tax receivable, net	972,817	-	-	972,817
Due from federal and state governments	690,358	-	-	690,358
Accrued interest receivable, net	-	305,023	-	305,023
Other receivables	254,537	-	-	254,537
Internal balances	6,702,851	-	(7,453,753)	(750,902)
Prepaid items	153,245	-	-	153,245
Capital assets, net	-	57,973,319	-	57,973,319
Net pension assets	-	6,373,166	-	6,373,166
Total assets	\$ 33,868,551	\$ 64,651,508	\$ (7,453,753)	\$ 91,066,306
Total deferred outflows of resources	\$ -	\$ 9,068,300	\$ -	\$ 9,068,300
Liabilities:				
Accounts payable and accrued expenditures	\$ 1,741,020	\$ -	\$ 166,116	\$ 1,907,136
Accrued interest payable	-	95,074	-	95,074
Internal balances	7,453,753	-	(7,453,753)	-
Performance bonds payable	1,451,987	-	-	1,451,987
Unearned revenue	3,576,131	-	-	3,576,131
Other liabilities	166,116	-	(166,116)	-
Long-term liabilities:				
Due within one year	-	3,325,821	-	3,325,821
Due in more than one year	-	48,241,448	-	48,241,448
Total liabilities	\$ 14,389,007	\$ 51,662,343	\$ (7,453,753)	\$ 58,597,597
Total deferred inflows of resources	\$ 923,687	\$ 6,562,054	\$ -	\$ 7,485,741
Total fund balances/net position	\$ 18,555,857	\$ 15,495,411	\$ -	\$ 34,051,268

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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JUNE 30, 2023

(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	\$ 119,962,746
Accumulated depreciation and amortization	<u>(61,989,427)</u>
	<u>\$ 57,973,319</u>

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	<u>\$ (913,437)</u>
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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.

	<u>\$ 305,023</u>
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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	\$ 19,045,823
Lease liabilities	62,275
Financed purchase payable	57,558
Subscription liability	70,116
Accrued compensated absences	1,251,362
Settlements payable	100,100
Net OPEB liabilities	9,791,851
Net pension liabilities	21,188,184
Accrued interest payable	95,074
	<u>\$ 51,662,343</u>
Deferred outflows - refunding	<u>\$ 642,128</u>
Net pension assets	<u>\$ 6,373,166</u>
Deferred outflows - pension	\$ 4,896,692
Deferred outflows - OPEB	3,529,480
	<u>\$ 8,426,172</u>
Deferred inflows - pension	\$ 4,051,819
Deferred inflows - OPEB	3,423,672
	<u>\$ 7,475,491</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

The net change in the fund balances for Governmental Funds of \$577,759 differs from the change in net position for Governmental Activities of \$6,823,178 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the Governmental Funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-Term Revenues/ Expenses (1)	Capital- Related Items (2)	Long-Term Liability Transactions (3)	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Property taxes	\$ 34,599,173	\$ 162,751	\$ -	\$ -	\$ (1)	\$ 34,761,923
Motor vehicle excise in lieu of tax	4,398,531	-	-	-	(4,398,531)	-
Intergovernmental and grant revenue	12,135,499	(474,716)	-	-	5,407,741	17,068,524
Town clerk licenses and fees	364,968	-	-	-	-	364,968
Other departmental fines and fees	1,076,249	-	-	-	978,956	2,055,205
Investment and interest income	342,746	-	-	-	-	342,746
Other revenues	1,648,282	-	730,885	-	(1,988,165)	391,002
Total revenues	<u>54,565,448</u>	<u>(311,965)</u>	<u>730,885</u>	<u>-</u>	<u>-</u>	<u>54,984,368</u>
Expenditures:						
Current:						
General government	2,554,448	(38,536)	111,858	(100,819)	20,096	2,547,047
Financial administration	891,972	-	18,105	(125,485)	87,504	872,096
Public safety	8,748,793	-	354,215	(390,880)	117,464	8,829,592
Public works	3,408,163	-	422,656	(200,859)	16,994	3,646,954
Education	32,342,586	(474,716)	893,178	(1,534,931)	1,319	31,227,436
Settlements	300,000	-	-	-	-	300,000
Other	48,384	-	-	-	(48,384)	-
Capital outlay	1,750,647	-	(1,555,654)	-	(194,993)	-
Debt service:						
Principal	3,134,162	-	-	(3,134,162)	-	-
Interest	811,352	(8,046)	-	(219,959)	-	583,347
Total expenditures	<u>53,990,507</u>	<u>(521,298)</u>	<u>244,358</u>	<u>(5,707,095)</u>	<u>-</u>	<u>48,006,472</u>
Other financing sources (uses):						
Debt issued/SBITAs	157,536	-	-	(157,536)	-	-
Transfer from (to) other funds	(154,718)	-	-	-	-	(154,718)
Total other financing sources (uses)	<u>2,818</u>	<u>-</u>	<u>-</u>	<u>(157,536)</u>	<u>-</u>	<u>(154,718)</u>
Net change for the year	<u>\$ 577,759</u>	<u>\$ 209,333</u>	<u>\$ 486,527</u>	<u>\$ 5,549,559</u>	<u>\$ -</u>	<u>\$ 6,823,178</u>

(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	\$ 147,487
Change in accrued interest receivable	15,264
	<u>\$ 162,751</u>

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

Change in accrued interest payable	<u>\$ (8,046)</u>
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TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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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	\$ (474,716)
Change in education expense	<u>\$ (474,716)</u>

New loans are reported as an increase in accounts receivable in the Government-Wide Statement of Net Position, but are reported as expenditures in the Governmental Funds.

	<u>\$ (38,536)</u>
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(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	\$ (2,157,930)
Depreciation expense	2,402,288
	<u>\$ 244,358</u>

Capital assets contributed to the Town or replaced through reimbursements do not provide current financial resources. Therefore, these items are not reported as a revenue in the Governmental Funds financial statements.

	<u>\$ 730,885</u>
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(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	<u>\$ (3,134,162)</u>
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Lease, financed purchase and subscription liabilities provide current financial resources to Governmental Funds, but increase long-term liabilities in the Government-Wide Statement of Net Position. Repayment of principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide financial statements.

Debt issued	\$ (71,020)
Subscription based IT arrangements	<u>(86,516)</u>
	<u>\$ (157,536)</u>
Lease principal payments made	\$ (14,814)
Financed purchase principal payments made	(13,462)
Subscription principal payments made	<u>(16,400)</u>
	<u>\$ (44,676)</u>

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
	<u>\$ (219,959)</u>

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

Net increase in compensated absences	\$ 119,385
Net change in net OPEB liabilities and related deferred outflows/inflows	205,893
Net change in net pension liabilities (assets) and related deferred outflows/inflows	<u>(2,633,576)</u>
	<u>\$ (2,308,298)</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years except as disclosed in Note 14A.

NOTE 14 – LITIGATION AND CONTINGENCIES

A. LITIGATION

The Town is a party to various claims, legal actions, and complaints. The Town settled two cases during fiscal year 2023 for a total of \$430,000, a portion of which was paid by the Town's insurer. Other than these settlements, 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.

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, 2022, the plan membership data is as follows:

Active employees	63
Inactive employees receiving benefits	15
	78

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

- **Police Officers** – Medical and dental coverage (single or family) for police officers who 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. Police officers hired on or after July 1, 2022 have the option to purchase an additional single plan for his/her spouse but must contribute 100% of the cost of coverage. 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, 2023, the Town's contribution was based on the current year cost of retiree benefits plus amounts committed for OPEB in the current fiscal year. For the fiscal year ended June 30, 2023, the Town contributed \$762,434 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Town Plan

The components of the net OPEB liability of the Town on June 30, 2023, were as follows:

Total OPEB Liability	\$7,899,082
OPEB Plan Fiduciary Net Position	<u>(2,031,639)</u>
Net OPEB Liability	<u>\$5,867,443</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	25.72%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023, 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	4.13% (prior valuation – 4.09%)		
Mortality	PUB-2010 mortality table with MP-2021 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 4.13% 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 4.13% (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 4.09%.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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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, 2022</i>	\$7,749,410	\$1,634,233	\$6,115,177
Changes for the Year:			
Service cost	314,311	-	314,311
Interest on the total OPEB liability	306,571	-	306,571
Changes in benefits	-	-	-
Difference between expected and actual experience	67,047	-	67,047
Changes in assumptions	(30,706)	-	(30,706)
Employer contributions	-	762,434	(762,434)
Plan member contributions	-	-	-
Net investment income	-	142,523	(142,523)
Benefit payments, including employee refunds	(507,551)	(507,551)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	149,672	397,406	(247,734)
<i>Balances as of June 30, 2023</i>	\$7,899,082	\$2,031,639	\$5,867,443

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 (3.13%) and 1-percentage-point higher (5.13%) than the current discount rate:

	<i>1% Decrease (3.13%)</i>	<i>Current Discount Rate (4.13%)</i>	<i>1% Increase (5.13%)</i>
Net OPEB Liability	\$6,745,149	\$5,867,443	\$5,108,322

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	\$5,001,303	\$5,867,443	\$6,906,273

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$748,284. On June 30, 2023, 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	\$2,291,462	\$173,073
Change of assumptions	384,590	1,042,354
Net difference between projected and actual earnings on OPEB plan investments	12,170	-
Total	\$2,688,222	\$1,215,427

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:

2024	\$199,718
2025	206,438
2026	254,341
2027	195,929
2028	211,069
Thereafter	405,300

B. SCHOOL PLAN

Plan Description

Plan Administration - The North Smithfield School Department's defined benefit OPEB plan (the plan) provides OPEB for administrators, 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 or by School Committee policy for administrators. 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, 2022, 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	220
Inactive employees receiving benefits	5
	225
	225

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 or by School Committee policy for administrators. The plan provides the following benefits based on employee group upon retirement:

- **Administrators** – For retirees who have completed at least 10 years of service, 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. Eligible retirees may obtain a family plan from the School Department if the retiree pays the difference between the individual and family plan if no other employer-sponsored plan is available. Retirees shall contribute the same cost share as contributed by employees.
- **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 in North Smithfield, 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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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Total OPEB Liability of the School Plan

The School Department's total OPEB liability of \$3,924,408 was measured as of June 30, 2023, the measurement date, and was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023.

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	4.13% (prior valuation – 4.09%)
Mortality	PUB-2010 mortality table with MP-2021 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 4.09%.

School Plan - Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at of June 30, 2022	<u>\$3,723,192</u>
Changes for the Year:	
Service cost	268,539
Interest on the total OPEB liability	150,912
Changes of benefit terms	-
Difference between expected and actual experience	(137,345)
Changes in assumptions and other inputs	(14,050)
Benefit payments	<u>(66,840)</u>
Net change	<u>201,216</u>
Balance at of June 30, 2023	<u><u>\$3,924,408</u></u>

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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 (3.13%) and 1-percentage-point higher (5.13%) than the current discount rate:

	<i>1% Decrease</i> <u>(3.13%)</u>	<i>Current</i> <i>Discount Rate</i> <u>(4.13%)</u>	<i>1% Increase</i> <u>(5.13%)</u>
Total OPEB Liability	\$4,302,733	\$3,924,408	\$3,575,103

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> <u>(7% decreasing to 4%)</u>	<i>Current Healthcare</i> <i>Cost Trend Rates</i> <u>(8% decreasing to 5%)</u>	<i>1% Increase</i> <u>(9% decreasing to 6%)</u>
Total OPEB Liability	\$3,428,447	\$3,924,408	\$4,510,435

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

For the year ended June 30, 2023, the School Department recognized OPEB expense of \$286,883. On June 30, 2023, the School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u><i>Deferred</i></u> <u><i>Outflows of</i></u> <u><i>Resources</i></u>	<u><i>Deferred</i></u> <u><i>Inflows of</i></u> <u><i>Resources</i></u>
Differences between expected and actual experience	\$349,399	\$1,678,013
Change of assumptions	491,859	530,232
Total	<u>\$841,258</u>	<u>\$2,208,245</u>

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

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Year ended June 30:

2024	\$(132,568)
2025	(132,568)
2026	(132,568)
2027	(132,568)
2028	(132,568)
Thereafter	(704,147)

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>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Town Plan	\$2,688,222	\$1,215,427	\$5,867,443	\$748,284
School Plan	<u>841,258</u>	<u>2,208,245</u>	<u>3,924,408</u>	<u>286,883</u>
Total	<u><u>\$3,529,480</u></u>	<u><u>\$3,423,672</u></u>	<u><u>\$9,791,851</u></u>	<u><u>\$1,035,167</u></u>

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plan

General Information about the Pension Plan

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

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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 on September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

Cost of living adjustments are provided but are currently suspended until the collective ERS, SPRBT and JRBT 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 2023, 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 11.12% and 15.04% of annual covered payroll for the fiscal year ended June 30, 2023 for the State and the North Smithfield School Department, respectively. The North Smithfield School Department contributed \$2,100,104, \$2,031,681, and \$1,897,166 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,479,440 for fiscal year 2023 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

On June 30, 2023, the North Smithfield School Department reported a liability of \$18,760,269 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	\$18,760,269
State’s proportionate share of the net pension liability associated with the North Smithfield School Department	<u>13,874,537</u>
<i>Total net pension liability</i>	<u><u>\$32,634,806</u></u>

The net pension liability was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. 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. On June 30, 2022, the North Smithfield School Department’s proportion was 0.69463981%.

For the year ended June 30, 2023, the North Smithfield School Department recognized in the Government-Wide financial statements gross pension expense of \$2,170,680 and revenue of \$1,004,724 for support provided by the State. On June 30, 2023, 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	\$2,100,104
Change of assumptions	378,369
Differences between expected and actual experience	277,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>678,645</u>
<i>Total</i>	<u><u>\$3,434,978</u></u>

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Deferred inflows of resources:	
Change of assumptions	\$281,267
Differences between expected and actual experience	364,888
Changes in proportion and differences between employer contributions and proportionate share of contributions	591,173
Net difference between projected and actual earnings on pension plan investments	392,538
Total	<u>\$1,629,866</u>

\$2,100,104 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department contributions in fiscal year 2023 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:

Year ended June 30:	
2024	\$(69,221)
2025	(162,871)
2026	(603,169)
2027	488,917
2028	10,374
Thereafter	40,978

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% to 13%
Investment rate of return	7%

Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability on June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six-year period ended June 30, 2019 as approved by the System’s Board on May 22, 2020.

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The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 40 sources. The June 30, 2022 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
U.S. Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Subtotal	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Subtotal	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Credit	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Subtotal	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Subtotal	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Subtotal	8.00%	
Volatility Protection		
IG Corp. Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Subtotal	15.00%	
Total	100.00%	

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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 was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability calculated using the discount rate of 7 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% Decrease	Current Discount	1% Increase
<u>(6%)</u>	<u>(7%)</u>	<u>(8%)</u>
\$23,536,299	\$18,760,269	\$14,420,708

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.

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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 \$403,321 for the fiscal year ended June 30, 2023. For financial reporting purposes, the State's share of contributions totaling \$53,556 for fiscal year 2023 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>.

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.

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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
\$25,001 to \$33,000	\$1,100.00
\$33,001 to \$40,000	\$1,237.50
\$40,001 and over	\$1,375.00

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

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

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

The North Smithfield School Department contributed \$19,474, \$18,975, and \$18,630, for the fiscal years ended June 30, 2023, 2022, and 2021, 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

On June 30, 2023, the North Smithfield School Department reported an asset of \$4,413,572 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, 2022, 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, 2021 rolled

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forward to June 30, 2022. 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 2022 relative to the total contributions of all participating employers for that fiscal year. On June 30, 2022, the North Smithfield School Department’s proportion was 2.51157758%.

For the year ended June 30, 2023, the North Smithfield School Department recognized pension expense of \$(433,553) – an increase in the net pension asset. On June 30, 2023, 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	\$19,474
Change of assumptions	107,246
Difference between expected and actual experience	108,460
Changes in proportion and differences between employer contributions and proportionate share of contributions	147,263
<i>Total</i>	<u><u>\$382,443</u></u>
<i>Deferred inflows of resources:</i>	
Difference between expected and actual experience	\$568,397
Change of assumptions	147,830
Changes in proportion and differences between employer contributions and proportionate share of contributions	44,425
Net difference between projected and actual earnings on pension plan investments	102,079
<i>Total</i>	<u><u>\$862,731</u></u>

\$19,474 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department’s contributions in fiscal year 2023 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:

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Year ended June 30:

2024	\$(106,483)
2025	(164,759)
2026	(235,400)
2027	107,666
2028	(56,804)
Thereafter	(43,982)

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% to 13%
Investment rate of return	7%

Mortality – Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

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, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability on June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six-year period ended June 30, 2019 as approved by the System’s Board on May 22, 2020.

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 40 sources. The June 30, 2022 expected arithmetic returns over the long-term (20 years) by asset class, are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
U.S. Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Subtotal	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Subtotal	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Credit	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Subtotal	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Subtotal	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Subtotal	8.00%	
Volatility Protection		
IG Corp. Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Subtotal	15.00%	
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.

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Discount Rate - The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the proportionate share of the net pension asset calculated using the discount rate of 7 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% Decrease</i>	<i>Current Discount</i>	<i>1% Increase</i>
<u>(6%)</u>	<u>(7%)</u>	<u>(8%)</u>
\$3,874,423	\$4,413,572	\$4,903,421

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

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officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable. The Town of North Smithfield has only general employees and police officers that participate in the MERS Plan.

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

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 above. 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

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of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

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

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

The annual benefit is equal to 2% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1% 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% 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% 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.

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A monthly benefit is paid equal to 2% 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 2.5% of the member's FAC for each year of service prior to July 1, 2012 and 2% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC. The Town of North Smithfield has elected to participate in the 20-year retirement provision.

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

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). The Town of North Smithfield has elected the optional cost-of-living provision for general employees and police officers.

- 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.
- 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% to 4%, plus 50% of the lesser of 3% or last year's CPI-U increase for a total maximum increase of 3.5%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0% to 4%.
- 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 \$27,184 for 2020, \$27,608 for 2021, and \$27,901 for 2022.

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Employees Covered by Benefit Terms - At the June 30, 2021 valuation date, the following employees were covered by the benefit terms:

	General Employees Plan	Police Officers Plan
Retirees and Beneficiaries	68	22
Inactive, Nonretired Members	73	5
Active Members	98	27
Total	239	54

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, 2023: general employees plan - \$269,639 and police officers plan - \$514,989. The Town's contributions represented the following percentages of annual covered payroll: general employees plan – 6.10%; and police officers plan –22.75%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2021 and rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

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<i>Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2022 Measurement Date (June 30, 2021 valuation rolled forward to June 30, 2022)</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%
Projected Salary Increases	General Employees - 3.25% to 7.25%; Police Officers - 4% to 14%
Inflation	2.5%
Mortality	Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16
Cost of Living Adjustments	All future COLAs are assumed to be 2.1% per annum for all MERS units with the COLA provision.

The actuarial assumptions used in the June 30, 2021 valuation rolled forward to June 30, 2022 and the calculation of the total pension liability on June 30, 2022 were consistent with the results of an actuarial experience study performed as of June 30, 2019 for the six-year period ended June 30, 2019 as approved by the System’s Board on May 22, 2020.

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 40 sources. The June 30, 2022 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
GROWTH		
Global Equity		
U.S. Equity	24.30%	5.52%
International Developed Equity	11.10%	6.04%
Emerging Markets Equity	4.60%	7.83%
Subtotal	40.00%	
Private Growth		
Private Equity	12.50%	9.42%
Non-Core Real Estate	2.50%	4.80%
Subtotal	15.00%	
INCOME		
Equity Options	2.00%	5.25%
EMD (50/50 Blend)	2.00%	1.82%
Liquid Credit	3.00%	2.95%
Private Credit	3.00%	2.95%
Collateralized Loan Obligations (CLO)	2.00%	2.95%
Subtotal	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	-0.44%
Systematic Trend	5.00%	3.33%
Subtotal	10.00%	
Inflation Protection		
Core Real Estate	4.00%	4.80%
Private Infrastructure	4.00%	5.65%
Subtotal	8.00%	
Volatility Protection		
IG Corp. Credit	3.25%	1.18%
Securitized Credit	3.25%	1.18%
Absolute Return	6.50%	3.33%
Cash	2.00%	-0.44%
Subtotal	15.00%	
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.

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Discount Rate - The discount rate used to measure the total pension liability of the plans was 7 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 Liability (Asset)</i>
Balances as of June 30, 2021	\$16,466,539	\$19,256,346	\$(2,789,807)
Changes for the Year:			
Service cost	352,868	-	352,868
Interest on the total pension liability	1,130,556	-	1,130,556
Changes in benefits	-	-	-
Difference between expected and actual experience	(530,014)	-	(530,014)
Changes in assumptions	-	-	-
Employer contributions	-	259,718	(259,718)
Employee contributions	-	95,858	(95,858)
Net investment income	-	(515,086)	515,086
Benefit payments, including employee refunds	(984,333)	(984,333)	-
Administrative expense	-	(17,559)	17,559
Other changes	-	300,266	(300,266)
Net changes	(30,923)	(861,136)	830,213
Balances as of June 30, 2022	\$16,435,616	\$18,395,210	\$(1,959,594)

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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, 2021	\$14,940,355	\$13,420,598	\$1,519,757
Changes for the Year:			
Service cost	392,340	-	392,340
Interest on the total pension liability	1,032,498	-	1,032,498
Changes in benefits	-	-	-
Difference between expected and actual experience	(195,738)	-	(195,738)
Changes in assumptions	-	-	-
Employer contributions	-	487,870	(487,870)
Employee contributions	-	208,581	(208,581)
Net investment income	-	(363,130)	363,130
Benefit payments, including employee refunds	(773,120)	(773,120)	-
Administrative expense	-	(12,379)	12,379
Other changes	-	-	-
Net changes	455,980	(452,178)	908,158
Balances as of June 30, 2022	\$15,396,335	\$12,968,420	\$2,427,915

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 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% Decrease (6%)</i>	<i>Rate (7%)</i>	<i>1% Increase (8%)</i>
General Employees	\$(386,856)	\$(1,959,594)	\$(3,388,469)
Police Officers	\$3,886,943	\$2,427,915	\$1,102,441

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, 2023, the Town recognized pension expense as follows: general employees plan - \$(577,762); and police officers plan - \$115,964. 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
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	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
<i>Deferred outflows of resources:</i>		
Contributions subsequent to the measurement date	\$269,639	\$514,989
Assumption changes	-	246,274
Difference between expected and actual experience	48,305	64
<i>Total</i>	\$317,944	\$761,327
 <i>Deferred inflows of resources:</i>		
Assumption changes	\$72,968	\$385
Difference between expected and actual experience	546,863	669,637
Net difference between projected and actual actual investment earnings	153,201	116,168
<i>Total</i>	\$773,032	\$786,190

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2023 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending June 30</i>	<i>Net Deferred Outflows/(Inflows) of Resources</i>	
	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
2024	\$(315,213)	\$(153,453)
2025	(320,881)	(148,900)
2026	(382,181)	(262,383)
2027	293,548	173,694
2028	-	(76,705)
Thereafter	-	(72,105)

Defined Contribution Plan

Plan Description

Certain general 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 of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants.

Certain general employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. 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 \$48,510 for the fiscal year ended June 30, 2023.

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	\$ 3,434,978	\$ 1,629,866	\$ -	\$ 18,760,269	\$ 2,170,680
Teachers' Survivor Benefits Plan	382,443	862,731	4,413,572	-	(433,553)
General Employees Plan	317,944	773,032	1,959,594	-	(577,762)
Police Officers Plan	761,327	786,190	-	2,427,915	115,964
Total	\$ 4,896,692	\$ 4,051,819	\$ 6,373,166	\$ 21,188,184	\$ 1,275,329

NOTE 17 – 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

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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 2023 as follows:

<u>Effective Date</u>	<u>Term</u>	<u>Tangible Property Abatement Granted Fiscal Year 2023</u>
12/1/2014	20 years	\$55,668
12/31/2016	20 years	\$61,472

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 affected by the change and will continue to pay taxes under the existing stabilization agreements.

On September 21, 2020, the Town entered into nine tax stabilization agreements related to a renewable energy project in accordance with Rhode Island General Laws and as approved by the Town Council. Four of the agreements became effective 12/31/21. The tax payments due are based on a dollar amount per kilowatt alternating current (“kW AC”). The amount of tangible property tax abatements granted under these agreements is not available.

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

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

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The Town has two taxpayers 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 2023 was \$8,553. A ten-year tax stabilization agreement for real property was granted on August 16, 2021 and became effective with the fiscal year 2023 tax bill. The real property property abatement granted in fiscal year 2023 was \$3,387.

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 Plans

Schedule of Town Contributions – OPEB Plans

Schedule of Investment Returns – OPEB Plans

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 (I)
"Unaudited"

<i>Fiscal Year</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 314,311	\$ 342,200	\$ 295,920	\$ 247,948	\$ 209,996	\$ 213,275
Interest	306,571	140,093	158,362	167,014	157,289	162,163
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	67,047	2,376,297	93,360	(117,148)	583,511	(226,133)
Changes of assumptions	(30,706)	(1,305,078)	372,408	91,788	126,198	-
Benefits payments	(507,551)	(460,741)	(433,725)	(410,934)	(327,084)	(298,581)
Net change in total OPEB liability	<u>149,672</u>	<u>1,092,771</u>	<u>486,325</u>	<u>(21,332)</u>	<u>749,910</u>	<u>(149,276)</u>
Total OPEB liability - beginning	<u>7,749,410</u>	<u>6,656,639</u>	<u>6,170,314</u>	<u>6,191,646</u>	<u>5,441,736</u>	<u>5,591,012</u>
Total OPEB liability - ending (a)	<u>\$ 7,899,082</u>	<u>\$ 7,749,410</u>	<u>\$ 6,656,639</u>	<u>\$ 6,170,314</u>	<u>\$ 6,191,646</u>	<u>\$ 5,441,736</u>
Plan fiduciary net position:						
Contributions - employer	\$ 762,434	\$ 737,422	\$ 724,385	\$ 660,934	\$ 527,084	\$ 804,219
Net investment income	142,523	(256,875)	267,617	54,559	42,550	3,403
Benefits payments	(507,551)	(460,741)	(433,725)	(410,934)	(327,084)	(298,581)
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	<u>397,406</u>	<u>19,806</u>	<u>558,277</u>	<u>304,559</u>	<u>242,550</u>	<u>509,041</u>
Plan fiduciary net position - beginning	<u>1,634,233</u>	<u>1,614,427</u>	<u>1,056,150</u>	<u>751,591</u>	<u>509,041</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,031,639</u>	<u>\$ 1,634,233</u>	<u>\$ 1,614,427</u>	<u>\$ 1,056,150</u>	<u>\$ 751,591</u>	<u>\$ 509,041</u>
Town's net OPEB liability - ending (a) - (b)	<u>\$ 5,867,443</u>	<u>\$ 6,115,177</u>	<u>\$ 5,042,212</u>	<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	25.72%	21.09%	24.25%	17.12%	12.14%	9.35%
Covered employee payroll	\$ 4,308,337	\$ 4,786,456	\$ 4,425,000	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Net OPEB liability as a percentage of covered employee payroll	136.19%	127.76%	113.95%	115.63%	127.10%	118.49%

(I) 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 268,539	\$ 254,874	\$ 221,638	\$ 265,018	\$ 224,452	\$ 229,225
Interest	150,912	116,928	121,679	134,182	116,904	104,115
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(137,345)	(1,337,604)	88,142	(688,126)	408,211	133,387
Changes of assumptions	(14,050)	(632,451)	430,860	106,899	178,652	-
Benefits payments	(66,840)	(84,425)	(61,732)	(44,179)	(39,359)	(35,769)
Net change in total OPEB liability	<u>201,216</u>	<u>(1,682,678)</u>	<u>800,587</u>	<u>(226,206)</u>	<u>888,860</u>	<u>430,958</u>
Total OPEB liability - beginning	<u>3,723,192</u>	<u>5,405,870</u>	<u>4,605,283</u>	<u>4,831,489</u>	<u>3,942,629</u>	<u>3,511,671</u>
Total OPEB liability - ending	<u>\$ 3,924,408</u>	<u>\$ 3,723,192</u>	<u>\$ 5,405,870</u>	<u>\$ 4,605,283</u>	<u>\$ 4,831,489</u>	<u>\$ 3,942,629</u>
Covered employee payroll	\$ 17,039,815	\$ 16,738,951	\$ 15,966,567	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Total OPEB liability as a percentage of covered employee payroll	23.03%	22.24%	33.86%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>						
Actuarially determined contribution	\$ 889,080	\$ 756,403	\$ 697,734	\$ 656,087	\$ 540,938	\$ 588,384
Contributions in relation to the actuarially determined contribution	762,434	737,422	724,385	660,934	527,084	804,219
<i>Contribution deficiency (excess)</i>	<u>\$ 126,646</u>	<u>\$ 18,981</u>	<u>\$ (26,651)</u>	<u>\$ (4,847)</u>	<u>\$ 13,854</u>	<u>\$ (215,835)</u>
Covered employee payroll	\$ 4,308,337	\$ 4,786,456	\$ 4,425,000	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Contributions as a percentage of covered employee payroll	17.70%	15.41%	16.37%	14.94%	12.31%	19.32%
<u>School OPEB Plan</u>						
Actuarially determined contribution	\$ 544,686	\$ 591,249	\$ 521,537	\$ 583,498	\$ 488,969	\$ 464,828
Contributions in relation to the actuarially determined contribution	66,840	84,425	61,732	44,179	39,359	35,769
<i>Contribution deficiency (excess)</i>	<u>\$ 477,846</u>	<u>\$ 506,824</u>	<u>\$ 459,805</u>	<u>\$ 539,319</u>	<u>\$ 449,610</u>	<u>\$ 429,059</u>
Covered employee payroll	\$ 17,039,815	\$ 16,738,951	\$ 15,966,567	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Contributions as a percentage of covered employee payroll	0.39%	0.50%	0.39%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>						
Annual money-weighted rate of return, net of investment expense	8.49%	-14.07%	23.62%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension liability	0.69463981%	0.67959791%	0.68631146%	0.69785462%	0.70081983%
Town's proportionate share of the net pension liability	\$ 18,760,269	\$ 15,993,645	\$ 21,927,691	\$ 22,266,927	\$ 22,266,785
State's proportionate share of the net pension liability associated with the Town	<u>13,874,537</u>	<u>11,860,721</u>	<u>16,292,812</u>	<u>16,680,234</u>	<u>16,609,422</u>
Total	<u>\$ 32,634,806</u>	<u>\$ 27,854,366</u>	<u>\$ 38,220,503</u>	<u>\$ 38,947,161</u>	<u>\$ 38,876,207</u>
Town's covered payroll	\$ 13,523,008	\$ 12,928,085	\$ 12,927,974	\$ 12,952,332	\$ 12,649,393
Town's proportionate share of the net pension liability as a percentage of its covered payroll	138.73%	123.71%	169.61%	171.91%	176.03%
Plan fiduciary net position as a percentage of the total pension liability	62.10%	66.50%	54.30%	54.60%	54.30%
 <i>Fiscal Year</i>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	
Town's proportion of the net pension liability	0.64346444%	0.69273594%	0.68486334%	0.70243536%	
Town's proportionate share of the net pension liability	\$ 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>15,338,465</u>	<u>14,154,760</u>	<u>12,880,670</u>	<u>11,724,392</u>	
Total	<u>\$ 35,633,890</u>	<u>\$ 34,823,074</u>	<u>\$ 31,734,976</u>	<u>\$ 28,821,671</u>	
Town's covered payroll	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195	
Town's proportionate share of the net pension liability as a percentage of its covered payroll	168.21%	172.94%	161.51%	144.38%	
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%	

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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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net pension asset	2.51157758%	2.53058541%	2.52423504%	2.62114869%	2.63602381%
Town's proportionate share of the net pension asset	\$ 4,413,572	\$ 4,952,184	\$ 2,997,871	\$ 2,973,584	\$ 2,352,105
Town's covered payroll	\$ 13,235,463	\$ 12,714,299	\$ 12,721,083	\$ 12,763,683	\$ 12,527,696
Town's proportionate share of the net pension asset as a percentage of its covered payroll	33.35%	38.95%	23.57%	23.30%	18.78%
Plan fiduciary net position as a percentage of the total pension liability	177.70%	185.70%	153.10%	150.20%	137.40%
<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's proportion of the net pension asset	2.53880669%	2.67548651%	2.71030550%	2.69832872%	
Town's proportionate share of the net pension asset	\$ 2,100,264	\$ 2,664,032	\$ 2,530,222	\$ 3,354,582	
Town's covered payroll	\$ 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 payroll	17.41%	22.29%	21.67%	28.33%	
Plan fiduciary net position as a percentage of the total pension liability	136.10%	137.00%	146.60%	173.30%	

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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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:					
Service cost	\$ 352,868	\$ 352,880	\$ 360,493	\$ 370,138	\$ 361,872
Interest	1,130,556	1,113,646	1,089,112	1,052,631	1,040,601
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(530,014)	(239,220)	142,605	65,207	(327,828)
Changes of assumptions	-	-	(237,995)	-	-
Benefits payments, including refunds of member contributions	(984,333)	(987,100)	(1,012,744)	(911,268)	(902,565)
Net change in total pension liability	<u>(30,923)</u>	<u>240,206</u>	<u>341,471</u>	<u>576,708</u>	<u>172,080</u>
Total pension liability - beginning	<u>16,466,539</u>	<u>16,226,333</u>	<u>15,884,862</u>	<u>15,308,154</u>	<u>15,136,074</u>
Total pension liability - ending (a)	<u>\$ 16,435,616</u>	<u>\$ 16,466,539</u>	<u>\$ 16,226,333</u>	<u>\$ 15,884,862</u>	<u>\$ 15,308,154</u>
Plan fiduciary net position:					
Contributions - employer	\$ 259,718	\$ 228,401	\$ 205,452	\$ 236,973	\$ 186,431
Contributions - employee	95,858	97,357	98,769	107,390	104,875
Net investment income	(515,086)	4,164,880	570,995	977,938	1,152,455
Benefits payments, including refunds of member contributions	(984,333)	(987,100)	(1,012,744)	(911,268)	(902,565)
Administrative expense	(17,559)	(15,869)	(15,732)	(15,283)	(15,342)
Other	300,266	128,359	(425)	(3,123)	39,176
Net change in plan fiduciary net position	<u>(861,136)</u>	<u>3,616,028</u>	<u>(153,685)</u>	<u>392,627</u>	<u>565,030</u>
Plan fiduciary net position - beginning	<u>19,256,346</u>	<u>15,640,318</u>	<u>15,794,003</u>	<u>15,401,376</u>	<u>14,836,346</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,395,210</u>	<u>\$ 19,256,346</u>	<u>\$ 15,640,318</u>	<u>\$ 15,794,003</u>	<u>\$ 15,401,376</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ (1,959,594)</u>	<u>\$ (2,789,807)</u>	<u>\$ 586,015</u>	<u>\$ 90,859</u>	<u>\$ (93,222)</u>
Plan fiduciary net position as a percentage of the total pension liability	111.92%	116.94%	96.39%	99.43%	100.61%
Covered payroll	\$ 4,378,017	\$ 4,272,152	\$ 4,236,110	\$ 4,254,460	\$ 4,070,547
Net pension liability (asset) as a percentage of covered payroll	-44.76%	-65.30%	13.83%	2.14%	-2.29%

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(Continued)

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

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

<i>Fiscal Year</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:				
Service cost	\$ 338,709	\$ 320,223	\$ 313,382	\$ 323,197
Interest	976,100	965,788	940,220	906,468
Changes of benefit terms	-	-	248,558	-
Differences between expected and actual experience	749,911	(211,249)	(287,684)	-
Changes of assumptions	711,147	-	-	29,011
Benefits payments, including refunds of member contributions	(970,223)	(922,792)	(831,170)	(776,322)
Net change in total pension liability	<u>1,805,644</u>	<u>151,970</u>	<u>383,306</u>	<u>482,354</u>
Total pension liability - beginning	<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>\$ 15,136,074</u>	<u>\$ 13,330,430</u>	<u>\$ 13,178,460</u>	<u>\$ 12,795,154</u>
Plan fiduciary net position:				
Contributions - employer	\$ 232,064	\$ 228,318	\$ 202,160	\$ 193,061
Contributions - employee	99,685	93,355	65,426	77,177
Net investment income	1,575,569	(4,755)	325,291	1,880,372
Benefits payments, including refunds of member contributions	(970,223)	(922,792)	(831,170)	(776,322)
Administrative expense	(14,885)	(12,792)	(13,127)	(11,775)
Other	214,436	437,862	13,836	(104,407)
Net change in plan fiduciary net position	<u>1,136,646</u>	<u>(180,804)</u>	<u>(237,584)</u>	<u>1,258,106</u>
Plan fiduciary net position - beginning	<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>\$ 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>\$ 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	98.02%	102.77%	105.33%	110.34%
Covered payroll	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216	\$ 3,248,212
Net pension liability (asset) as a percentage of covered payroll	8.02%	-10.46%	-21.46%	-40.73%

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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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:					
Service cost	\$ 392,340	\$ 381,320	\$ 385,575	\$ 361,594	\$ 329,221
Interest	1,032,498	997,729	978,166	951,218	926,217
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(195,738)	(114,290)	(393,248)	(182,868)	(125,562)
Changes of assumptions	-	-	79,421	-	-
Benefits payments, including refunds of member contributions	(773,120)	(774,035)	(762,604)	(751,310)	(826,486)
Net change in total pension liability	<u>455,980</u>	<u>490,724</u>	<u>287,310</u>	<u>378,634</u>	<u>303,390</u>
Total pension liability - beginning	<u>14,940,355</u>	<u>14,449,631</u>	<u>14,162,321</u>	<u>13,783,687</u>	<u>13,480,297</u>
Total pension liability - ending (a)	<u>\$ 15,396,335</u>	<u>\$ 14,940,355</u>	<u>\$ 14,449,631</u>	<u>\$ 14,162,321</u>	<u>\$ 13,783,687</u>
Plan fiduciary net position:					
Contributions - employer	\$ 487,870	\$ 498,153	\$ 457,315	\$ 380,133	\$ 331,340
Contributions - employee	208,581	201,437	193,369	179,988	162,981
Net investment income	(363,130)	2,902,689	387,108	640,166	743,448
Benefits payments, including refunds of member contributions	(773,120)	(774,035)	(762,604)	(751,310)	(826,486)
Administrative expense	(12,379)	(11,060)	(10,666)	(10,004)	(9,897)
Other	-	11	-	(35,507)	(1)
Net change in plan fiduciary net position	<u>(452,178)</u>	<u>2,817,195</u>	<u>264,522</u>	<u>403,466</u>	<u>401,385</u>
Plan fiduciary net position - beginning	<u>13,420,598</u>	<u>10,603,403</u>	<u>10,338,881</u>	<u>9,935,415</u>	<u>9,534,030</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,968,420</u>	<u>\$ 13,420,598</u>	<u>\$ 10,603,403</u>	<u>\$ 10,338,881</u>	<u>\$ 9,935,415</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 2,427,915</u>	<u>\$ 1,519,757</u>	<u>\$ 3,846,228</u>	<u>\$ 3,823,440</u>	<u>\$ 3,848,272</u>
Plan fiduciary net position as a percentage of the total pension liability	84.23%	89.83%	73.38%	73.00%	72.08%
Covered payroll	\$ 2,085,804	\$ 2,014,369	\$ 1,933,678	\$ 1,799,871	\$ 1,629,806
Net pension liability as a percentage of covered payroll	116.40%	75.45%	198.91%	212.43%	236.12%

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(Continued)

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

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

Fiscal Year	2018	2017	2016	2015
Total pension liability:				
Service cost	\$ 304,609	\$ 293,881	\$ 257,868	\$ 234,523
Interest	909,400	878,066	808,451	783,066
Changes of benefit terms	-	-	451,265	-
Differences between expected and actual experience	(71,474)	(111,065)	9,656	-
Changes of assumptions	697,862	-	-	(61,666)
Benefits payments, including refunds of member contributions	(666,252)	(630,681)	(603,406)	(654,847)
Net change in total pension liability	1,174,145	430,201	923,834	301,076
Total pension liability - beginning	12,306,152	11,875,951	10,952,117	10,651,041
Total pension liability - ending (a)	\$ 13,480,297	\$ 12,306,152	\$ 11,875,951	\$ 10,952,117
Plan fiduciary net position:				
Contributions - employer	\$ 343,389	\$ 356,690	\$ 312,414	\$ 182,437
Contributions - employee	164,628	163,316	126,484	104,549
Net investment income	1,012,481	(3,040)	208,093	1,177,979
Benefits payments, including refunds of member contributions	(666,252)	(630,681)	(603,406)	(654,847)
Administrative expense	(9,566)	(8,177)	(8,485)	(7,376)
Other	(68,281)	(1)	1	(1)
Net change in plan fiduciary net position	776,399	(121,893)	35,101	802,741
Plan fiduciary net position - beginning	8,757,631	8,879,524	8,844,423	8,041,682
Plan fiduciary net position - ending (b)	\$ 9,534,030	\$ 8,757,631	\$ 8,879,524	\$ 8,844,423
Town's net pension liability - ending (a) - (b)	\$ 3,946,267	\$ 3,548,521	\$ 2,996,427	\$ 2,107,694
Plan fiduciary net position as a percentage of the total pension liability	70.73%	71.16%	74.77%	80.76%
Covered payroll	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045	\$ 1,441,443
Net pension liability as a percentage of covered payroll	238.12%	216.98%	189.52%	146.22%

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

<i>Fiscal Year</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Employees' Retirement System Plan</i>									
Actuarially determined contribution	\$ 2,100,104	\$ 2,031,681	\$ 1,897,166	\$ 1,841,002	\$ 1,757,474	\$ 1,685,417	\$ 1,515,153	\$ 1,575,318	\$ 1,506,269
Contributions in relation to the actuarially determined contribution	2,100,104	2,031,681	1,897,166	1,841,002	1,757,474	1,685,417	1,515,153	1,575,318	1,506,269
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,683,258	\$ 13,523,008	\$ 12,928,085	\$ 12,927,974	\$ 12,952,332	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered payroll	15.35%	15.02%	14.67%	14.24%	13.57%	13.32%	12.56%	13.18%	12.90%
<i>Teachers' Survivor Benefit Plan</i>									
Statutorily determined contribution	\$ 19,474	\$ 18,975	\$ 18,630	\$ 18,825	\$ 19,550	\$ 19,613	\$ 14,976	\$ 17,184	\$ 16,354
Contributions in relation to the statutorily determined contribution	19,474	18,975	18,630	18,825	19,550	19,613	14,976	17,184	16,354
<i>Contribution deficiency (excess)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,510,980	\$ 13,235,463	\$ 12,714,299	\$ 12,721,083	\$ 12,763,683	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039
Contributions as a percentage of covered payroll	0.14%	0.14%	0.15%	0.15%	0.15%	0.16%	0.12%	0.14%	0.14%

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

<i>Fiscal Year</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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	\$ 269,639	\$ 259,718	\$ 228,401	\$ 205,452	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160
Contributions in relation to the actuarially determined contribution	269,639	259,718	228,401	205,452	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,420,327	\$ 4,378,017	\$ 4,272,152	\$ 4,236,110	\$ 4,254,460	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216
Contributions as a percentage of covered payroll	6.10%	5.93%	5.35%	4.85%	5.57%	4.58%	6.21%	6.47%	6.18%
<i>Police Officers Plan</i>									
Actuarially determined contribution	\$ 514,989	\$ 487,870	\$ 498,153	\$ 457,315	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414
Contributions in relation to the actuarially determined contribution	514,989	487,870	498,153	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,263,688	\$ 2,085,804	\$ 2,014,369	\$ 1,933,678	\$ 1,799,871	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045
Contributions as a percentage of covered payroll	22.75%	23.39%	24.73%	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, 2023

	<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	\$ 36,023,449	\$ 34,486,180	\$ 34,599,173	\$ 112,993
Motor vehicle excise in lieu of tax	2,861,262	4,398,531	4,398,531	-
Intergovernmental and grant revenue	1,690,417	1,690,417	1,720,494	30,077
Town clerk licenses and fees	366,300	366,300	364,968	(1,332)
Other departmental fines and fees	254,700	254,700	338,783	84,083
Investment and interest income	20,400	20,400	306,711	286,311
Other revenues	365,143	365,143	324,064	(41,079)
Total revenues	<u>41,581,671</u>	<u>41,581,671</u>	<u>42,052,724</u>	<u>471,053</u>
Expenditures				
General Government:				
Town council	42,640	42,640	43,408	(768)
Probate court	9,130	9,130	8,033	1,097
Legal	188,400	188,400	187,923	477
Municipal court	51,135	51,135	49,013	2,122
Administration	213,404	213,404	206,075	7,329
Town clerk	279,616	279,616	277,206	2,410
Planning	193,062	193,062	186,962	6,100
Board of canvassers	25,283	25,283	22,999	2,284
Conservation commission	1,500	1,500	-	1,500
Historic district commission	2,500	2,500	2,500	-
Economic development	200	200	-	200
Juvenile hearing board	3,694	3,694	2,943	751
Art committee	2,000	2,000	2,000	-
N.S. Library	478,505	478,505	488,480	(9,975)
Other general government	1,125,338	1,125,338	1,091,703	33,635
	<u>2,616,407</u>	<u>2,616,407</u>	<u>2,569,245</u>	<u>47,162</u>
Financial Administration:				
Finance	662,282	662,282	656,517	5,765
Tax assessor	211,927	211,927	204,292	7,635
Information technology	86,684	86,684	84,616	2,068
	<u>960,893</u>	<u>960,893</u>	<u>945,425</u>	<u>15,468</u>
Public Safety:				
Police	4,419,397	4,419,397	4,465,090	(45,693)
Dispatch	285,070	285,070	314,101	(29,031)
Animal control	118,540	118,540	118,864	(324)
EMA	28,130	28,130	26,013	2,117
N.S. Fire and Rescue Department	3,655,577	3,655,577	3,629,478	26,099
Building and zoning	218,205	218,205	206,183	12,022
	<u>8,724,919</u>	<u>8,724,919</u>	<u>8,759,729</u>	<u>(34,810)</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, 2023

	<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	138,656	138,656	142,240	(3,584)
Highway	3,290,307	3,290,307	3,289,863	444
Parks and recreation	255,981	255,981	250,925	5,056
	<u>3,684,944</u>	<u>3,684,944</u>	<u>3,683,028</u>	<u>1,916</u>
Debt Service:				
Principal	3,147,421	3,147,421	3,147,421	-
Interest	814,182	814,182	812,702	1,480
	<u>3,961,603</u>	<u>3,961,603</u>	<u>3,960,123</u>	<u>1,480</u>
Total expenditures	<u>19,948,766</u>	<u>19,948,766</u>	<u>19,917,550</u>	<u>31,216</u>
Excess of revenues over expenditures before other financing uses	<u>21,632,905</u>	<u>21,632,905</u>	<u>22,135,174</u>	<u>502,269</u>
Other financing uses				
Transfers to other funds:				
School unrestricted fund	(21,544,651)	(21,544,651)	(21,544,651)	-
School capital fund	(88,254)	(88,254)	(88,254)	-
Total other financing uses	<u>(21,632,905)</u>	<u>(21,632,905)</u>	<u>(21,632,905)</u>	<u>-</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,269</u>	<u>\$ 502,269</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local appropriations	\$ 21,544,651	\$21,544,651	\$ 21,544,651	\$ -
State of Rhode Island - education aid	6,511,029	6,511,029	6,511,029	-
Medicaid	185,000	185,000	175,057	(9,943)
Rental income - fields and buildings	50,000	50,000	57,087	7,087
Other	87,000	87,000	262,060	175,060
Total revenues	<u>28,377,680</u>	<u>28,377,680</u>	<u>28,549,884</u>	<u>172,204</u>
Expenditures				
Salaries	16,157,308	16,157,308	16,140,488	16,820
Employee benefits	6,029,854	6,029,854	5,745,291	284,563
Purchased services	4,675,793	4,714,181	4,377,644	336,537
Supplies and materials	1,237,457	1,204,197	1,081,452	122,745
Property and equipment	217,749	214,978	514,176	(299,198)
Other costs	59,519	57,162	69,390	(12,228)
Total expenditures	<u>28,377,680</u>	<u>28,377,680</u>	<u>27,928,441</u>	<u>449,239</u>
Excess of revenues over expenditures before other financing uses	<u>-</u>	<u>-</u>	<u>621,443</u>	<u>621,443</u>
Other financing uses				
Transfer to other funds	-	-	(47,546)	(47,546)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(47,546)</u>	<u>(47,546)</u>
Net change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,897</u>	<u>\$ 573,897</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, 2023
“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 – fair value
- Inflation – 3%
- Investment rate of return – 4.13% (prior valuation – 4.09%)
- Salary increases – 3%
- Mortality – PUB-2010 mortality table with MP-2021 projection
- Health care cost trend rate – medical - 8% decreasing to an ultimate rate of 5%; dental – 5%

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023
“Unaudited”

NOTE 2 – PENSION PLANS

The net pension liability (asset) amounts presented as of the June 30, 2023 were determined as part of actuarial valuations performed as of June 30, 2021 and rolled forward to June 30, 2022, the measurement date. Additional information, including actuarial methods and assumptions, is presented 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 following summarizes the more significant changes in assumptions and benefits and were reflected in the determination of the net pension liability (asset) as of the:

June 30, 2020 measurement date –

As part of the 2020 Actuarial Experience Study for the six-year period ending June 30, 2019 as approved by the System Board on May 22, 2020, certain assumptions were modified and reflected in the determination of net pension liability (asset) at the June 30, 2020 measurement date. The following summarizes the more significant changes in assumptions:

- Updated the underlying mortality tables from the RP-2014 set of tables to the public sector-based PUB (10) tables.
- Increased slightly the probabilities of turnover.
- Decreased slightly the probabilities of retirement.
- Modified slightly the probabilities of disability, including adding material incidence of disability for members in the age ranges that historically have been eligible to retire but under prospective provisions are not.

June 30, 2017 measurement date –

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

- Decreased the general inflation assumption from 2.75% to 2.50%.
- Decreased the nominal investment return assumption from 7.50% to 7%.
- Decreased the general wage growth assumption from 3.25% to 3%.
- Decreased salary increase assumptions.
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2015 measurement date –

The net pension liability (asset) for the ERS and MERS plans reflects changes in benefits resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8,

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023
“Unaudited”

2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions are summarized below:

- Employees with more than 20 years of service on July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9% (10% for units with a COLA provision).
- Employees with more than 10 but less than 20 years of service on July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will receive a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4-year rather than 5-year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a maximum of 4%) and 50% calculated using previous year’s CPI-U (maximum of 3%) for a total maximum COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

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.

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023
“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. The American Rescue Plan Fund, which is a Special Revenue Fund, is not legally required to adopt a budget.

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)	\$42,052,724	\$28,549,884
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.	-	1,532,996
Debt issued and subscription-based IT arrangements are not reported as other financing sources for budgetary purposes but are included for financial reporting purposes.	157,536	-
Unbudgeted revenues are not included for budgetary purposes but are included for financial reporting purposes.	<u>426,845</u>	<u>65,393</u>
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances – governmental funds</i>	<u>\$42,637,105</u>	<u>\$30,148,273</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2023
“Unaudited”

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$41,550,455	\$27,975,987
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.	(817,759)	-
Unbudgeted expenditures are not included for budgetary purposes but are included for financial reporting purposes.	1,902,610	73,771
Equipment acquired with debt and subscription-based IT arrangements are not reported as expenditures for budgetary purposes but are included for financial reporting purposes.	157,536	-
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.	-	1,532,996
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures, and changes in fund balances – governmental funds</i>	<u><u>\$42,792,842</u></u>	<u><u>\$29,582,754</u></u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<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>	<i>Canine Surcharge Fund</i>	<i>Dattco Fund</i>
ASSETS							
Cash and cash equivalents	\$ 191,651	\$ -	\$ -	\$ 57,880	\$ 6,545	\$ -	\$ -
Due from federal and state governments	662,844	-	-	-	-	-	-
Other receivables	-	-	-	-	63,808	-	-
Due from other funds	330,746	7,470	1,107	-	-	938	10,583
Total assets	\$ 1,185,241	\$ 7,470	\$ 1,107	\$ 57,880	\$ 70,353	\$ 938	\$ 10,583
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 33,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	645,784	-	-	-	-	-	-
Total liabilities	679,642	-	-	-	-	-	-
Deferred Inflows of Resources:							
Other deferred revenues	-	-	-	-	63,808	-	-
Total deferred inflows of resources	-	-	-	-	63,808	-	-
Fund balances							
Restricted for:							
Education programs	313,948	-	-	-	-	-	-
Public safety programs	-	7,470	1,107	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	191,651	-	-	57,880	6,545	938	10,583
Committed for:							
Public safety programs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	505,599	7,470	1,107	57,880	6,545	938	10,583
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,185,241	\$ 7,470	\$ 1,107	\$ 57,880	\$ 70,353	\$ 938	\$ 10,583

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<i>Special Revenue Funds</i>					
	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>
ASSETS						
Cash and cash equivalents	\$ 843,027	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-
Other receivables	-	-	250	736	-	-
Due from other funds	-	59,304	164,366	13,752	87	3,701
Total assets	\$ 843,027	\$ 59,304	\$ 164,616	\$ 14,488	\$ 87	\$ 3,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 8,132	\$ 4	\$ -	\$ 360	\$ -	\$ -
Due to other funds	25,440	-	-	-	-	-
Total liabilities	33,572	4	-	360	-	-
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	809,455	-	-	-	-	-
Historical records preservation	-	59,300	-	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	14,128	87	3,701
Committed for:						
Public safety programs	-	-	164,616	-	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	809,455	59,300	164,616	14,128	87	3,701
Total liabilities, deferred inflows of resources, and fund balances	\$ 843,027	\$ 59,304	\$ 164,616	\$ 14,488	\$ 87	\$ 3,701

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>			<u>Total Special Revenue Funds</u>	<u>Capital Project Funds</u>	
	<u>EMA Grants</u>	<u>Opioid Fund</u>	<u>Adopt- A-Spot Fund</u>		<u>Town Building Bond</u>	<u>School Building Bond</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,099,103	\$ 1,091,783	\$ 325,075
Due from federal and state governments	-	-	-	662,844	-	-
Other receivables	-	-	-	64,794	-	-
Due from other funds	61,457	119,397	13,243	786,151	-	-
Total assets	<u>\$ 61,457</u>	<u>\$ 119,397</u>	<u>\$ 13,243</u>	<u>\$ 2,612,892</u>	<u>\$ 1,091,783</u>	<u>\$ 325,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 585	\$ 42,939	\$ 5,180	\$ -
Due to other funds	-	-	-	671,224	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>585</u>	<u>714,163</u>	<u>5,180</u>	<u>-</u>
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	63,808	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,808</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted for:						
Education programs	-	-	-	313,948	-	-
Public safety programs	61,457	-	-	879,489	-	-
Historical records preservation	-	-	-	59,300	-	-
Capital projects	-	-	-	-	1,086,603	325,075
Other programs	-	119,397	12,658	417,568	-	-
Committed for:						
Public safety programs	-	-	-	164,616	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	<u>61,457</u>	<u>119,397</u>	<u>12,658</u>	<u>1,834,921</u>	<u>1,086,603</u>	<u>325,075</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61,457</u>	<u>\$ 119,397</u>	<u>\$ 13,243</u>	<u>\$ 2,612,892</u>	<u>\$ 1,091,783</u>	<u>\$ 325,075</u>

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<u>Capital Project Funds</u>		<u>Total Capital Project Funds</u>	<u>Total All Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>RIDE Revolving Capital</u>		
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 1,416,858	\$ 2,515,961
Due from federal and state governments	-	-	-	662,844
Other receivables	-	-	-	64,794
Due from other funds	88,639	953,700	1,042,339	1,828,490
Total assets	<u>\$ 88,639</u>	<u>\$ 953,700</u>	<u>\$ 2,459,197</u>	<u>\$ 5,072,089</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ -	\$ 29,636	\$ 34,816	\$ 77,755
Due to other funds	-	-	-	671,224
Total liabilities	<u>-</u>	<u>29,636</u>	<u>34,816</u>	<u>748,979</u>
Deferred Inflows of Resources:				
Other deferred revenues	-	-	-	63,808
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,808</u>
Fund balances				
Restricted for:				
Education programs	-	-	-	313,948
Public safety programs	-	-	-	879,489
Historical records preservation	-	-	-	59,300
Capital projects	88,639	-	1,500,317	1,500,317
Other programs	-	-	-	417,568
Committed for:				
Public safety programs	-	-	-	164,616
Capital projects	-	924,064	924,064	924,064
Total fund balances	<u>88,639</u>	<u>924,064</u>	<u>2,424,381</u>	<u>4,259,302</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 88,639</u>	<u>\$ 953,700</u>	<u>\$ 2,459,197</u>	<u>\$ 5,072,089</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

	<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>	<i>Canine Surcharge Fund</i>	<i>Dattco Fund</i>
Revenues							
Intergovernmental and grant revenue	\$ 2,090,028	\$ 276	\$ -	\$ -	\$ 3,079	\$ -	\$ -
Other departmental fees	-	-	-	-	-	468	2,000
Investment and interest income	-	-	-	1,005	206	-	-
Other revenue	669,107	-	-	-	13,900	-	-
Total revenues	<u>2,759,135</u>	<u>276</u>	<u>-</u>	<u>1,005</u>	<u>17,185</u>	<u>468</u>	<u>2,000</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	251	-	-	-	-	2,464
Public works	-	-	-	-	-	-	-
Education	2,807,378	-	-	-	-	-	-
Other	-	-	-	-	22,400	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>2,807,378</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>22,400</u>	<u>-</u>	<u>2,464</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(48,243)</u>	<u>25</u>	<u>-</u>	<u>1,005</u>	<u>(5,215)</u>	<u>468</u>	<u>(464)</u>
Other financing sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(48,243)</u>	<u>25</u>	<u>-</u>	<u>1,005</u>	<u>(5,215)</u>	<u>468</u>	<u>(464)</u>
Fund balances - beginning of year	<u>553,842</u>	<u>7,445</u>	<u>1,107</u>	<u>56,875</u>	<u>11,760</u>	<u>470</u>	<u>11,047</u>
Fund balances - end of year	<u>\$ 505,599</u>	<u>\$ 7,470</u>	<u>\$ 1,107</u>	<u>\$ 57,880</u>	<u>\$ 6,545</u>	<u>\$ 938</u>	<u>\$ 10,583</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, 2023

	<i>Special Revenue Funds</i>					
	<i>EMS Fund</i>	<i>Record Retention Fund</i>	<i>Police Cruiser Fees</i>	<i>Recycling Grant</i>	<i>Clean & Green Day</i>	<i>Pumpkin Festival</i>
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other departmental fees	-	15,556	113,335	5,935	-	-
Investment and interest income	6,692	-	-	-	-	-
Other revenue	278,199	-	-	-	2,000	26,395
Total revenues	<u>284,891</u>	<u>15,556</u>	<u>113,335</u>	<u>5,935</u>	<u>2,000</u>	<u>26,395</u>
Expenditures						
Current:						
General government	-	22,550	-	-	-	-
Public safety	138,364	-	10,039	-	-	-
Public works	-	-	-	1,947	6,671	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	25,984
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>138,364</u>	<u>22,550</u>	<u>10,039</u>	<u>1,947</u>	<u>6,671</u>	<u>25,984</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>146,527</u>	<u>(6,994)</u>	<u>103,296</u>	<u>3,988</u>	<u>(4,671)</u>	<u>411</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	146,527	(6,994)	103,296	3,988	(4,671)	411
Fund balances - beginning of year	662,928	66,294	61,320	10,140	4,758	3,290
Fund balances - end of year	<u>\$ 809,455</u>	<u>\$ 59,300</u>	<u>\$ 164,616</u>	<u>\$ 14,128</u>	<u>\$ 87</u>	<u>\$ 3,701</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, 2023

	<u>Special Revenue Funds</u>			<u>Total Special Revenue Funds</u>	<u>Capital Project Funds</u>	
	<u>EMA Grants</u>	<u>Opioid Fund</u>	<u>Adopt- A-Spot Fund</u>		<u>Town Building Bond</u>	<u>School Building Bond</u>
Revenues						
Intergovernmental and grant revenue	\$ 9,750	\$ -	\$ -	\$ 2,103,133	\$ -	\$ -
Other departmental fees	-	-	-	137,294	-	-
Investment and interest income	-	-	-	7,903	22,486	5,646
Other revenue	-	46,224	3,100	1,038,925	-	-
Total revenues	<u>9,750</u>	<u>46,224</u>	<u>3,100</u>	<u>3,287,255</u>	<u>22,486</u>	<u>5,646</u>
Expenditures						
Current:						
General government	-	-	-	22,550	-	-
Public safety	10,122	-	-	161,240	-	-
Public works	-	-	1,293	9,911	-	-
Education	-	-	-	2,807,378	-	-
Other	-	-	-	48,384	-	-
Capital outlay	-	-	-	-	197,743	-
Total expenditures	<u>10,122</u>	<u>-</u>	<u>1,293</u>	<u>3,049,463</u>	<u>197,743</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(372)</u>	<u>46,224</u>	<u>1,807</u>	<u>237,792</u>	<u>(175,257)</u>	<u>5,646</u>
Other financing sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(372)</u>	<u>46,224</u>	<u>1,807</u>	<u>237,792</u>	<u>(175,257)</u>	<u>5,646</u>
Fund balances - beginning of year	<u>61,829</u>	<u>73,173</u>	<u>10,851</u>	<u>1,597,129</u>	<u>1,261,860</u>	<u>319,429</u>
Fund balances - end of year	<u>\$ 61,457</u>	<u>\$ 119,397</u>	<u>\$ 12,658</u>	<u>\$ 1,834,921</u>	<u>\$ 1,086,603</u>	<u>\$ 325,075</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, 2023

	<u>Capital Project Funds</u>		<u>Total Capital Project Funds</u>	<u>Total All Nonmajor Governmental Funds</u>
	<u>Capital Projects Fund</u>	<u>RIDE Revolving Capital</u>		
Revenues				
Intergovernmental and grant revenue	\$ -	\$ 26,760	\$ 26,760	\$ 2,129,893
Other departmental fees	-	-	-	137,294
Investment and interest income	-	-	28,132	36,035
Other revenue	-	-	-	1,038,925
Total revenues	<u>-</u>	<u>26,760</u>	<u>54,892</u>	<u>3,342,147</u>
Expenditures				
Current:				
General government	-	-	-	22,550
Public safety	-	-	-	161,240
Public works	-	-	-	9,911
Education	-	-	-	2,807,378
Other	-	-	-	48,384
Capital outlay	-	62,764	260,507	260,507
Total expenditures	<u>-</u>	<u>62,764</u>	<u>260,507</u>	<u>3,309,970</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>-</u>	<u>(36,004)</u>	<u>(205,615)</u>	<u>32,177</u>
Other financing sources				
Transfers from other funds	-	135,800	135,800	135,800
Total other financing sources	<u>-</u>	<u>135,800</u>	<u>135,800</u>	<u>135,800</u>
Net change in fund balances	-	99,796	(69,815)	167,977
Fund balances - beginning of year	<u>88,639</u>	<u>824,268</u>	<u>2,494,196</u>	<u>4,091,325</u>
Fund balances - end of year	<u>\$ 88,639</u>	<u>\$ 924,064</u>	<u>\$ 2,424,381</u>	<u>\$ 4,259,302</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ending June 30, 2023

Real Estate and Personal Property Taxes

<i>Year</i>	<i>Balance June 30, 2022</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, 2023</i>
2023	\$ -	\$ 34,560,505	\$ 68,083	\$ (61,640)	\$ 34,566,948	\$ 33,998,818	\$ 568,130
2022	452,056	-	6,393	(1,104)	457,345	339,937	117,408
2021	106,290	-	5,868	(791)	111,367	32,542	78,825
2020	64,691	-	5,712	(558)	69,845	16,424	53,421
2019	65,283	-	5,256	(399)	70,140	11,265	58,875
2018	64,383	-	5,025	(59)	69,349	12,118	57,231
2017	79,084	-	-	-	79,084	7,551	71,533
2016	83,380	-	-	-	83,380	4,496	78,884
2015	126,086	-	-	-	126,086	4,058	122,028
2014	142,236	-	-	-	142,236	3,868	138,368
2013	111,613	-	-	-	111,613	5,552	106,061
2012	84,598	-	-	-	84,598	4,287	80,311
2011	95,478	-	-	-	95,478	2,373	93,105
2010	63,904	-	-	-	63,904	826	63,078
2009	64,808	-	-	-	64,808	674	64,134
2008	49,933	-	-	-	49,933	199	49,734
2007	28,473	-	-	-	28,473	363	28,110
2006	28,061	-	-	-	28,061	606	27,455
2005	24,904	-	-	-	24,904	29	24,875
2004	24,960	-	-	-	24,960	74	24,886
2003	-	-	-	-	-	-	-
2002 and prior	413	-	-	-	413	-	413
	<u>\$ 1,760,634</u>	<u>\$ 34,560,505</u>	<u>\$ 96,337</u>	<u>\$ (64,551)</u>	<u>\$ 36,352,925</u>	<u>\$ 34,446,060</u>	<u>1,906,865</u>

Allowance for Uncollectible Accounts (934,048)
Net Property Tax Receivable \$ 972,817

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
Real property - residential	\$ 1,544,140,040	\$ 21,485,165
Real property - commercial	361,621,750	6,850,562
Real property - FFOS	37,523,780	522,106
Real property - frozen	7,899,860	109,919
Tangible personal property	157,860,890	6,728,031
Total	<u>2,109,046,320</u>	<u>35,695,783</u>
Exemptions	61,672,441	1,135,278
Net assessed value	<u>\$ 2,047,373,879</u>	<u>\$ 34,560,505</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 34,446,060
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2023	112,938
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2022	(174,113)
Less: Other non-revenue adjustments	(20,347)
Current year property tax revenue	<u>\$ 34,364,538</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ending June 30, 2023

Fiscal Year 2023 Cash Collection Summary

<u>Year</u>	<u>July - August 2022 Collections Subject to 60 day FY 22 Accrual</u>	<u>September 2022 - June 2023 Collections</u>	<u>Total FY 2023 Cash Collections</u>	<u>July - August 2023 Collections Subject to 60 day FY 23 Accrual</u>
2023	\$ -	\$ 33,998,818	\$ 33,998,818	\$ 105,974
2022	158,966	180,971	339,937	5,316
2021	6,562	25,980	32,542	822
2020	3,302	13,122	16,424	84
2019	1,591	9,674	11,265	51
2018	1,363	10,755	12,118	-
2017	542	7,009	7,551	80
2016	211	4,285	4,496	443
2015	338	3,720	4,058	-
2014	125	3,743	3,868	-
2013	1,097	4,455	5,552	-
2012	16	4,271	4,287	-
2011	-	2,373	2,373	136
2010	-	826	826	-
2009	-	674	674	32
2008	-	199	199	-
2007	-	363	363	-
2006	-	606	606	-
2005	-	29	29	-
2004	-	74	74	-
2003	-	-	-	-
2002 and prior	-	-	-	-
	<u>\$ 174,113</u>	<u>\$ 34,271,947</u>	<u>\$ 34,446,060</u>	<u>\$ 112,938</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, 2023

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 34,090,856	\$ -
Last Year's Levy Tax Collection	186,287	-
Prior Years Property Tax Collection	87,395	-
Interest & Penalty	235,368	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	203,283	-
Fines and Forfeitures	67,569	-
Investment Income	306,711	-
Departmental	569,305	-
Rescue Run Revenue	258,920	-
Police & Fire Detail	37,624	-
Other Local Non-Property Tax Revenues	216,249	-
Tuition	-	298,134
Impact Aid	-	-
Medicaid	-	175,057
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	273,096
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	34,265	820,919
COVID - ESSER	-	667,316
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	66,713	-
COVID - Other	-	-
COVID - ARPA	140,110	113,716
MV Excise Tax Reimbursement	4,215,266	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	95,323	-
Library Construction Aid	-	-
Public Service Corporation Tax	154,581	-
Meals & Beverage Tax / Hotel Tax	409,160	-
LEA Aid	-	6,511,029
Group Home	-	-
Housing Aid Capital Projects	145,498	-
Housing Aid Bonded Debt	908,545	-
State Food Service Revenue	-	7,731
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	7,387	207,248
Motor Vehicle Phase Out	183,264	-
Other Revenue	-	755,516
Local Appropriation for Education	-	21,544,651
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	<u>\$ 42,619,678</u>	<u>\$ 31,374,412</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	71,020	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 71,020</u>	<u>\$ -</u>

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 512,530	\$ 490,087	\$ -	\$ -	\$ 286,756	\$ -	\$ 831,088	\$ 393,174	\$ 2,306,685
Compensation - Group B	-	-	-	-	-	-	-	-	37,722
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation - Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	1,449	917	-	-	45	-	73,043	2,653	465,820
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	34,514	105,136	-	-	39,540	-	229,168	14,220	375,212
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	17,907
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	47,483	3,849	-	-	1,734	-	7,787	523	15,961
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	674
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	24,317	36,901	-	-	25,091	-	70,292	29,268	234,684
Life Insurance	2,094	3,281	-	-	1,675	-	5,165	838	20,591
State Defined Contribution- Group A	2,909	4,870	-	-	1,734	-	12,123	1,033	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	487
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	2,250	5,572	-	-	3,750	-	12,155	1,385	2,874
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	17,743	29,706	-	-	9,902	-	47,329	6,301	516,829
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	1,128
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	(35,939)	91,301	20,000	37,005	4,711	-	22,061	532	67,343
Materials/Supplies	5,986	13,427	-	3,699	2,050	-	(57,374)	73,451	(11,947)
Software Licenses	22,482	31,482	-	35,857	-	-	11,272	-	30,892
Capital Outlays	345	82,420	-	-	-	-	132,299	220,000	260,642
Insurance	291,980	-	-	-	-	-	-	-	-
Maintenance	16,551	726	-	10,335	254	-	42,018	17,927	17,067
Vehicle Operations	3,698	87	-	-	358	-	95,920	8,745	89,362
Utilities	12,703	18,810	-	1,049	11,397	-	21,701	14,654	40,544
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	132,617	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	115,789	-	-
Trash Removal & Recycling	-	-	-	-	-	-	710,445	-	-
Claims & Settlements	300,000	-	-	-	-	-	-	-	-
Community Support	28,818	-	-	-	-	-	-	-	-
Other Operation Expenditures	119,414	4,306	-	-	6,415	393,157	1,025,315	-	83,260
Tipping Fees	-	-	-	-	-	-	208,619	-	-
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	\$ 1,411,327	\$ 922,879	\$ 20,000	\$ 87,944	\$ 395,410	\$ 393,157	\$ 3,748,830	\$ 784,702	\$ 4,573,739

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2023

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 217,324	\$ 96,261	\$ -	\$ -	\$ -	\$ 5,133,905	\$ 13,030,423
Compensation - Group B	-	-	-	-	-	-	37,722	1,539,964
Compensation - Group C	-	-	-	-	-	-	-	2,422,203
Compensation -Volunteer	-	-	13,207	-	-	-	13,207	-
Overtime- Group A	-	30,436	3,985	-	-	-	578,346	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	16,982
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	25,236	6,137	-	-	-	829,164	1,632,444
Active Medical Insurance- Group B	-	-	-	-	-	-	17,907	180,436
Active Medical Insurance- Group C	-	-	-	-	-	-	-	649,927
Active Dental insurance- Group A	-	916	1,778	-	-	-	80,032	105,774
Active Dental Insurance- Group B	-	-	-	-	-	-	674	9,018
Active Dental Insurance- Group C	-	-	-	-	-	-	-	31,498
Payroll Taxes	-	23,756	5,428	-	-	-	449,736	450,064
Life Insurance	-	1,256	378	-	-	-	35,278	76,848
State Defined Contribution- Group A	-	1,531	90	-	-	-	24,289	322,924
State Defined Contribution - Group B	-	-	-	-	-	-	487	28,687
State Defined Contribution - Group C	-	-	-	-	-	-	-	20,707
Other Benefits- Group A	-	2,500	-	-	-	-	30,486	27,337
Other Benefits- Group B	-	-	-	-	-	-	-	63,525
Other Benefits- Group C	-	-	-	-	-	-	-	51,720
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	9,339	549	-	-	-	637,698	1,907,283
State Defined Benefit Pension - Group B	-	-	-	-	-	-	1,128	204,080
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	123,801
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	24	-	-	-	207,039	4,526,507
Materials/Supplies	(859)	468	3,598	-	-	-	32,499	387,833
Software Licenses	-	-	-	-	-	-	131,985	122,359
Capital Outlays	9,474	-	10,450	-	-	-	715,630	922,244
Insurance	-	-	-	-	-	-	291,980	302,235
Maintenance	10,930	-	2,834	-	-	-	118,642	420,435
Vehicle Operations	59,904	-	15,855	-	-	-	273,929	94,402
Utilities	63	-	8,164	-	-	-	129,083	698,372
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	132,617	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	115,789	-
Trash Removal & Recycling	-	-	-	-	-	-	710,445	-
Claims & Settlements	-	-	-	-	-	-	300,000	-
Community Support	-	-	-	-	-	-	28,818	-
Other Operation Expenditures	3,549,107	1,339	5,238	-	-	-	5,187,550	377,661
Tipping Fees	-	-	-	-	-	-	208,619	-
Local Appropriation for Education	-	-	-	21,544,651	-	-	21,544,651	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	865,533	-	865,533	-
Municipal Debt- Interest	-	-	-	-	86,944	-	86,944	-
School Debt- Principal	-	-	-	-	2,268,629	-	2,268,629	12,614
School Debt- Interest	-	-	-	-	724,408	-	724,408	8,194
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	38,737
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	2,354
OPEB Contribution- Total	-	-	-	-	-	658,614	658,614	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,628,619	\$ 314,101	\$ 173,975	\$ 21,544,651	\$ 3,945,515	\$ 658,614	\$ 42,603,464	\$ 30,809,590

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	242,972	47,546
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	<u>\$ 242,972</u>	<u>\$ 47,546</u>
Net Change in Fund Balance¹	(155,737)	517,276
Fund Balance1- beginning of year	\$12,127,480	\$2,313,135
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	<u>12,127,480</u>	<u>2,313,135</u>
Rounding		
Fund Balance¹ - end of year	<u>\$ 11,971,743</u>	<u>\$ 2,830,411</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
Municipal
Fiscal Year Ended June 30, 2023

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 ² (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2022 adjusted						\$ 12,127,480		\$ 12,127,480	
<i>No funds removed from RGS for fiscal 2022</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2022</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2022</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 12,127,480</u>	<u>-</u>	<u>\$ 12,127,480</u>	
General Fund	\$ 42,479,569	\$ 157,536	\$ 21,145,329	\$ 21,647,513	\$ (155,737)	\$ 12,127,480	\$ -	\$ 12,127,480	\$ 11,971,743
American Rescue Plan Fund	140,110	-	-	140,110	-	-	-	-	-
Totals per audited financial statements	<u>\$ 42,619,679</u>	<u>\$ 157,536</u>	<u>\$ 21,145,329</u>	<u>\$ 21,787,623</u>	<u>\$ (155,737)</u>	<u>\$ 12,127,480</u>	<u>\$ -</u>	<u>\$ 12,127,480</u>	<u>\$ 11,971,743</u>
Reconciliation from financial statements to MTP2									
School appropriation to education reflected in financing use in audit but reflected as expenditure in MTP-2	\$ -	\$ -	\$ 21,544,651	\$ (21,544,651)	\$ -	\$ -	\$ -	\$ -	\$ -
GASB 96	\$ -	\$ (86,516)	\$ (86,516)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 42,619,678</u>	<u>\$ 71,020</u>	<u>\$ 42,603,464</u>	<u>\$ 242,972</u>	<u>\$ (155,737)</u>	<u>\$ 12,127,480</u>	<u>\$ -</u>	<u>\$ 12,127,480</u>	<u>\$ 11,971,743</u>

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, 2023

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, 2022 adjusted <i>No misc. adjustments made for fiscal 2022</i>						\$ 2,313,135		\$ 2,313,135	
Fund Balance¹ - per MTP-2 at June 30, 2023 adjusted						<u>\$ 2,313,135</u>	\$ -	<u>\$ 2,313,135</u>	
School Unrestricted Fund	\$ 8,603,622	\$ 21,544,651	\$ 29,535,208	\$ 47,546	\$ 565,519	\$ 1,759,293	\$ -	\$ 1,759,293	\$ 2,324,812
Enterprise Fund ¹	693,418	-	756,491	-	(63,073)	372,528	-	372,528	309,455
School Special Revenue Funds	2,065,717	-	2,050,887	-	14,830	181,314	-	181,314	196,144
Totals per audited financial statements	<u>\$ 11,362,757</u>	<u>\$ 21,544,651</u>	<u>\$ 32,342,586</u>	<u>\$ 47,546</u>	<u>\$ 517,276</u>	<u>\$ 2,313,135</u>	<u>\$ -</u>	<u>\$ 2,313,135</u>	<u>\$ 2,830,411</u>
<u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 21,544,651	\$ (21,544,651)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,532,996)	-	(1,532,996)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 31,374,412</u>	<u>\$ -</u>	<u>\$ 30,809,590</u>	<u>\$ 47,546</u>	<u>\$ 517,276</u>	<u>\$ 2,313,135</u>	<u>\$ -</u>	<u>\$ 2,313,135</u>	<u>\$ 2,830,411</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Appropriation of fund balance recognized as revenue in UCOA but not MTP2	\$ 110,191	\$ -	\$ -	\$ -	-	-	-	-	-
Misc Variance	1	-	2	-	-	-	-	-	-
Reimbursement of funds relating to the Athletic Turf Field Replacement to the town	-	-	47,546	(47,546)	-	-	-	-	-
Totals per UCOA Validated Totals Report Dated 1/22/24	<u>\$ 31,484,604</u>	<u>\$ -</u>	<u>\$ 30,857,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023

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

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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
Town of 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 (*Government Auditing Standards*), 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, 2023 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 February 20, 2024.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on 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*.

Town of North Smithfield's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of North Smithfield, Rhode Island's response to the findings identified in our audit and described in the schedule of findings and questioned costs. The Town of North Smithfield, Rhode Island's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
February 20, 2024



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

Opinion on Each Major Federal Program

We have audited the Town of North Smithfield, Rhode Island's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Town of North Smithfield, Rhode Island complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of North Smithfield, Rhode Island and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of North Smithfield, Rhode Island's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of North Smithfield, Rhode Island's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of North Smithfield, Rhode Island's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of North Smithfield, Rhode Island's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of North Smithfield, Rhode Island's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of North Smithfield, Rhode Island's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town of North Smithfield, Rhode Island's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
February 20, 2024

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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? _____ X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
84.425D	Education Stabilization Fund
84.425U	ARP Education Stabilization Fund

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, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding: 2023-001

FINANCIAL REPORTING AND CLOSING PROCEDURES

Criteria: An entity's system of internal controls should be designed and operate to allow the entity to prepare accurate and timely financial statements in conformance with generally accepted accounting principles and be designed and operate to prevent, detect, and correct misstatements in the financial statements on a timely basis. The system should also be designed and operate to allow the entity to properly monitor the financial position of the entity.

Condition: Although the Town has established financial reporting and closing procedures, these procedures including bank and accounts receivable reconciliations were not completed in a timely manner during the 2023 fiscal year.

Effect: Material misstatements of the financial statements may not be prevented or detected and corrected in a timely manner. Delays in the completion of the audit of the Town's financial statements.

Cause: The Town implemented a new accounting system and had personnel changes in the Finance Office in the 2023 fiscal year.

Identification of a Repeat Finding: Not applicable.

Recommendation: We recommend that the Town complete the monthly financial reporting and closing procedures in a timely manner.

Views of Responsible Officials and Corrective Action: We have agreed upon setting a standard of having each month's reconciliations completed by the end of the following month. This will prevent the possibility of misstated reports and allow the audit to be completed on time.

SIGNIFICANT DEFICIENCY

Finding: 2023-002

CAPITAL ASSETS

Criteria: An entity's system of internal controls should include policies and procedures for the accounting of the entity's capital assets to ensure the capital assets are properly safeguarded and recorded in an accurate and timely manner in the financial statements.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Condition: The Town does not have formal policies and procedures in place to account for capital assets on a perpetual basis or for the periodic physical inventory of capital assets. Although the Town prepared detailed schedules of capital assets, accumulated depreciation and depreciation expense for the fiscal year ended June 30, 2023, these schedules were prepared after year-end. We proposed several audit adjustments to record omitted capital asset additions, to correct recorded capital asset additions, to correct depreciation expense, and to adjust for prior year audit adjustments that were not recorded. In addition, the Town has not performed in several year a physical inventory to reconcile the capital assets recorded to the physical assets.

Effect: The capital asset schedules provided by the Town as of June 30, 2023 were not materially complete and accurate.

Cause: Lack of formal policies and procedures to account for capital assets and personnel changes in the Finance Office in the 2023 fiscal year.

Identification of a Repeat Finding: Not applicable.

Recommendation: We recommend that the Town establish formal policies and procedures to account for capital assets on a perpetual basis. We suggest these policies and procedures include updating capital asset additions and deletions on a quarterly basis, updating depreciation expense on an annual basis, and the performance of a physical inventory of capital assets on at least a bi-annual basis.

Views of Responsible Officials and Corrective Action: The town will consult with other towns to look for guidance in having proper capital asset policies going forward as well as updating the schedule quarterly.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
US Department of Education			
Pass-through RI Department of Education:			
<i>Special Education Cluster (IDEA):</i>			
Special Education Grants to States	84.027A	25-2725-13202-301	\$ 426,897
Special Education Preschool Grants	84.173A	25-2725-13502-301	9,623
COVID 19 - ARP Special Education Grants to States	84.027X	25-4872-50702-201	88,500
COVID 19 - ARP Special Education Preschool Grants	84.173X	25-4872-51002-201	9,627
<i>Total Special Education Cluster</i>			<u>534,647</u>
Title I Grants to Local Educational Agencies	84.010A	25-2725-11702-301	221,840
Supporting Effective Instruction State Grants	84.367A	25-2725-16402-301	76,128
Student Support and Academic Enrichment Program	84.424A	25-2725-20802-301	28,110
Career and Technical Education - Basic Grants to States	84.048A	25-2725-15302-301	34,793
Career and Technical Education - Basic Grants to States	84.048A	25-2725-15702-301	525
			<u>35,318</u>
Comprehensive Literacy Development	84.371C	2725-22002-211	23,003
COVID-19 - Education Stabilization Fund - ESSER II	84.425D	25-4672-60602-101	45,868
COVID-19 - ARP Education Stabilization Fund - ESSER III	84.425U	25-4872-50502-201	621,448
			<u>667,316</u>
Total US Department of Education			<u>1,586,362</u>
US Department of Agriculture			
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program			
Cash assistance	10.555	N/A	255,664
Non-cash assistance (commodities)	10.555	N/A	60,001
School Breakfast Program	10.553	N/A	17,432
<i>Total Child Nutrition Cluster</i>			<u>333,097</u>
Total US Department of Agriculture			<u>333,097</u>
US Department of Treasury			
Direct Program:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	140,110
Total US Department of Treasury			<u>140,110</u>
US Department of Health and Human Services			
Pass-through RI Department of Health:			
Public Health Emergency Preparedness - MEDS	93.069	N/A	4,364
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases - ARP-ELC	93.323	N/A	15,589
Total US Department of Health and Human Services			<u>19,953</u>
US Department of Transportation			
Pass-through RI Department of Transportation:			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	N/A	276
<i>Total Highway Safety Cluster</i>			<u>276</u>
Total US Department of Transportation			<u>276</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal year Ended June 30, 2023

<i>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<i>US Department of Homeland Security</i>			
<i>Pass-through RI Emergency Management Agency:</i>			
COVID-19 - Disaster Grants - Public Assistance	97.036	PA-01-RI-4653-PW-00127	66,713
Emergency Management Performance Grants	97.042	28-04-2021 EPMG	7,387
<i>Total US Department of Homeland Security</i>			<u>74,100</u>
<i>US Department of Housing and Urban Development</i>			
<i>Pass-through RI Executive Office of Commerce, Office of Housing and Community Development:</i>			
Community Development Block Grant	14.228	N/A	22,400
<i>Total US Department of Housing and Urban Development</i>			<u>22,400</u>
<i>US Department of Justice</i>			
<i>Pass-through RI Public Safety Grant Administration Office:</i>			
Violence Against Women Formula Grants	16.588	N/A	2,072
<i>Total US Department of Justice</i>			<u>2,072</u>
 <i>Total Expenditures of Federal Awards</i>			 <u><u>\$2,178,370</u></u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2023

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, 2023. 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 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.