

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

*For the Fiscal Year Ended
June 30, 2021*

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ANNUAL FINANCIAL STATEMENTS
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FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditor's Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 19 to the financial statements, the Town of North Smithfield, Rhode Island implemented GASB Statement No. 84, *Fiduciary Activities*, during fiscal year 2021. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and supplementary other post-employment benefit and pension information on pages 4 through 12 and pages 81 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor fund financial statements, Annual Supplemental Transparency Report (MTP2), other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of the Town of North Smithfield, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of North Smithfield, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Smithfield, Rhode Island's internal control over financial reporting and compliance.

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 30, 2021

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Town of North Smithfield provides this Management's Discussion and Analysis of the Town's Annual Financial Report for the readers of the Town's financial statements. This narrative overview and analysis of the financial statements of the Town of North Smithfield is for fiscal year ended June 30, 2021.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the Town's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2020 and 2021 fiscal years. We encourage readers to consider the information presented in this narrative in conjunction with additional information that we have provided herein.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 with 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; 2 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 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of “combining statements” later in this report. The Town's two major governmental funds are:

1. General Fund
2. School Unrestricted Fund

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

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

Fiduciary Funds – The Town maintains one other post-employment benefits trust fund 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 80 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 81 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 \$30,357,677 at the close of the most recent fiscal year.

Town of North Smithfield Net Position						
June 30, 2021			June 30, 2020			
Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets</u>						
Current assets	\$ 21,308,377	\$ 3,921,853	\$ 25,230,230	\$ 18,096,507	\$ 4,388,542	\$ 22,485,049
Capital assets, net	57,362,566	10,492,604	67,855,170	57,326,137	10,783,466	68,109,603
Other noncurrent assets	2,997,871	2,417,013	5,414,884	2,973,584	1,954,946	4,928,530
Total assets	81,668,814	16,831,470	98,500,284	78,396,228	17,126,954	95,523,182
<u>Deferred outflow of resources</u>						
Deferred pension amounts	7,162,135	-	7,162,135	6,964,597	-	6,964,597
Deferred other post employment benefit amounts	2,085,301	-	2,085,301	1,341,339	-	1,341,339
Deferred amounts on refunding	895,545	26,603	922,148	1,022,253	29,928	1,052,181
Total deferred outflow of resources	10,142,981	26,603	10,169,584	9,328,189	29,928	9,358,117
<u>Liabilities</u>						
Current liabilities	5,944,259	566,549	6,510,808	5,010,416	1,429,765	6,440,181
Noncurrent liabilities	61,107,356	3,056,542	64,163,898	63,610,592	3,441,437	67,052,029
Total liabilities	67,051,615	3,623,091	70,674,706	68,621,008	4,871,202	73,492,210
<u>Deferred inflow of resources</u>						
Deferred pension amounts	3,826,429	-	3,826,429	3,112,219	-	3,112,219
Deferred other post employment benefit amounts	1,032,334	-	1,032,334	943,975	-	943,975
Deferred sewer assessments	-	2,778,722	2,778,722	-	2,394,368	2,394,368
Total deferred inflow of resources	4,858,763	2,778,722	7,637,485	4,056,194	2,394,368	6,450,562
<u>Net position</u>						
Net investment in capital assets	33,961,830	7,237,844	41,199,674	31,509,816	8,077,695	39,587,511
Restricted for specific use	3,203,799	-	3,203,799	2,462,801	-	2,462,801
Unrestricted	(17,264,212)	3,218,416	(14,045,796)	(18,925,402)	1,813,617	(17,111,785)
Total net position	\$ 19,901,417	\$ 10,456,260	\$ 30,357,677	\$ 15,047,215	\$ 9,891,312	\$ 24,938,527

The largest portion of the Town's net position, \$41,199,674 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, \$3,203,799 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of (\$14,045,796) 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, 2021			June 30, 2020		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 2,490,460	\$ 3,313,193	\$ 5,803,653	\$ 2,047,534	\$ 3,065,271	\$ 5,112,805
Operating grants	12,710,382	-	12,710,382	9,913,960	-	9,913,960
Capital grants	514,155	71,590	585,745	590,511	778,410	1,368,921
General Revenues						
Property taxes, levied for general purposes	35,541,071	-	35,541,071	34,877,523	-	34,877,523
State aid	1,156,659	-	1,156,659	2,100,409	-	2,100,409
Interest income	31,940	9,512	41,452	224,431	38,165	262,596
Miscellaneous	209,204	-	209,204	73,811	-	73,811
Total revenues	52,653,871	3,394,295	56,048,166	49,828,179	3,881,846	53,710,025
Expenses						
General government	2,029,905	-	2,029,905	1,936,501	-	1,936,501
Financial administration	1,124,754	-	1,124,754	1,148,218	-	1,148,218
Public safety	8,595,845	-	8,595,845	8,454,751	-	8,454,751
Public works	3,294,886	-	3,294,886	3,354,485	-	3,354,485
Grants & contributions	19,826	-	19,826	12,118	-	12,118
Settlements	47,243	-	47,243	-	-	-
Education	31,808,490	-	31,808,490	31,840,593	-	31,840,593
Interest	798,933	-	798,933	899,120	-	899,120
Water	-	548,296	548,296	-	560,431	560,431
Sewer	-	2,360,838	2,360,838	-	2,506,120	2,506,120
Total expenses	47,719,882	2,909,134	50,629,016	47,645,786	3,066,551	50,712,337
Excess (deficiency) of revenues over (under) expenses before transfers	4,933,989	485,161	5,419,150	2,182,393	815,295	2,997,688
Transfers in (out)	(79,787)	79,787	-	-	-	-
Change in net position	4,854,202	564,948	5,419,150	2,182,393	815,295	2,997,688
Net position - beginning	15,047,215	9,891,312	24,938,527	12,864,822	9,076,017	21,940,839
Net position - ending	\$ 19,901,417	\$ 10,456,260	\$ 30,357,677	\$ 15,047,215	\$ 9,891,312	\$ 24,938,527

Governmental Activities - To aid in the understanding of the new Statement of Activities, some additional explanation is given. Of particular interest is the format which is different than a typical Statement of Revenues, Expenditures and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden to our taxpayers of each of the Town's functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Governmental activities increased the Town's net position by \$4,854,202.

Business-Type activities - Business-type activities increased the Town's net position by \$564,948.

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 \$17,277,966 an increase of \$2,468,752 (16.67%) 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 \$10,898,538, of which \$7,754,903 is unassigned (71.16%). The General Fund total fund balance increased by \$2,157,353 (24.68%) during the current fiscal year. The unassigned fund balance in the General Fund represents 19.25% of the total Fiscal Year 2021 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 \$2,297,043, of which \$2,003,883 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 \$1,082,600 (89.14%) 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, net position of the Water Fund amounted to \$2,487,923, an increase of \$283,749 (12.87%) from the prior year Net Position. In the Sewer Fund, net position amounted to \$7,968,337, a decrease of \$619,016 (7.21%) from the prior year Net Position.

General Fund Budgetary Highlights

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

Property Taxes were \$198,933 over budget. The positive variance is attributed to a higher collection percentage of billed taxes, less than anticipated tax abatements, and DMV registry blocks which aided in the collection of motor vehicle taxes.

Motor Vehicle Excise in lieu of tax was \$327,905 over budget due to additional Coronavirus Relief Funds Distribution.

Town Clerk licenses and fees were \$118,322 over budget due to real estate stamps as a result of low interest rates causing additional mortgage refinancing.

Other Departmental fines and fees were \$483,300 over budget due to two (2) large unbudgeted permits.

Interest Income was under budget by \$69,551 due to unfavorable interest rates.

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

There was no significant variance from the expenditure budget.

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, 2021, amounted to \$67,855,170 (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, 2021			June 30, 2020		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 9,309,242	\$ 16,141	\$ 9,325,383	\$ 8,880,242	\$ 16,141	\$ 8,896,383
Construction in progress	120,796	-	120,796	729,254	813,371	1,542,625
Land improvements	1,463,845	11,983	1,475,828	1,593,535	12,846	1,606,381
Buildings and improvements	40,457,260	1,362,625	41,819,885	40,746,800	1,410,535	42,157,335
Infrastructure	3,132,678	7,163,717	10,296,395	2,447,254	5,923,042	8,370,296
Machinery, equipment and furniture	757,622	1,938,138	2,695,760	686,621	2,607,531	3,294,152
Vehicles	2,121,123	-	2,121,123	2,242,431	-	2,242,431
Total	<u>\$ 57,362,566</u>	<u>\$ 10,492,604</u>	<u>\$ 67,855,170</u>	<u>\$ 57,326,137</u>	<u>\$ 10,783,466</u>	<u>\$ 68,109,603</u>

Long-Term Obligations – At the end of the fiscal year, the Town had total debt outstanding of \$67,644,491. 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, 2021			June 30, 2020		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
General Obligation Bonds & Loans	\$ 23,608,045	\$ 3,251,404	\$ 26,859,449	\$ 26,726,811	\$ 3,659,474	\$ 30,386,285
Capital leases payable	40,606	-	40,606	-	-	-
Amortized premium on bonds	2,500,095	29,959	2,530,054	2,846,762	33,704	2,880,466
Accrued compensated absences	1,306,266	-	1,306,266	1,169,313	-	1,169,313
Settlements payable	100,100	-	100,100	100,100	18,630	118,730
Net OPEB obligation	10,448,082	-	10,448,082	9,719,447	-	9,719,447
Net pension liabilities	26,359,934	-	26,359,934	26,181,226	-	26,181,226
Totals	<u>\$ 64,363,128</u>	<u>\$ 3,281,363</u>	<u>\$ 67,644,491</u>	<u>\$ 66,743,659</u>	<u>\$ 3,711,808</u>	<u>\$ 70,455,467</u>

The Town retired bond debt of \$3,118,766 for Governmental Activities and \$408,070 for Business-Type Activities during the current fiscal year. State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. Currently, the Town is in compliance with the Legal Debt margin requirement.

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

Independent Audit

State statutes and the Town Charter require an annual audit by independent certified public accountants. The accounting firm of Bacon & Company, LLC provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended June 30, 2021.

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2021-2022 is \$47,450,563, an increase of \$723,502 (1.55%) from the prior year. Education, at \$27,792,893 or 58.57% of the total budgeted expenditures. The increase for education was \$644,172, which is made up primarily of Town Appropriation.

For the fiscal year 2021-2022, the tax rate was broken down into three tiers: residential, commercial and personal property, with rates of \$16.346, \$19.441 and \$43.690, respectively. The breakdown consists of 41.43% for municipal and 58.57% for education. For the fiscal year 2020-2021, the tax rate was broken down into the same three tiers, with rates of \$16.300, \$19.386, and \$43.567, respectively. The breakdown consists of 41.69% for municipal and 58.31% for education.

Requests for Information

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

Thank you very much!

Cynthia DeJesus
Finance Director

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 18,316,231	\$ 2,671,439	\$ 20,987,670
Real estate and personal property tax receivable, net	1,473,043	-	1,473,043
Water and sewer use fees receivable, net	-	375,807	375,807
Sewer assessments receivable, net	-	453,268	453,268
Due from federal and state government	462,592	-	462,592
Accrued interest receivable, net	355,830	-	355,830
Other receivables	322,157	86,322	408,479
Internal balances	(335,017)	335,017	-
Prepaid expenses	713,541	-	713,541
Total current assets	<u>21,308,377</u>	<u>3,921,853</u>	<u>25,230,230</u>
Noncurrent assets:			
Sewer assessments receivable, net	-	2,417,013	2,417,013
Capital assets: (Note 6)			
Land and land easements	9,309,242	16,141	9,325,383
Construction in progress	120,796	-	120,796
Depreciable buildings, property, equipment, infrastructure, net	47,932,528	10,476,463	58,408,991
Capital assets, net	57,362,566	10,492,604	67,855,170
Net pension asset	2,997,871	-	2,997,871
Total noncurrent assets	<u>60,360,437</u>	<u>12,909,617</u>	<u>73,270,054</u>
Total assets	<u>81,668,814</u>	<u>16,831,470</u>	<u>98,500,284</u>
Deferred outflows of resources:			
Deferred pension amounts	7,162,135	-	7,162,135
Deferred other post-employment benefit amounts	2,085,301	-	2,085,301
Deferred amounts on refunding	895,545	26,603	922,148
Total deferred outflows of resources	<u>10,142,981</u>	<u>26,603</u>	<u>10,169,584</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,143,218	197,899	1,341,117
Accrued interest payable	118,635	42,059	160,694
Performance bonds payable	1,424,346	-	1,424,346
Unearned revenue	2,288	-	2,288
Capital lease payable - due within one year	6,650	-	6,650
Settlements payable - due within one year	14,300	-	14,300
Long-term debt - due within one year (Note 7)	3,234,822	326,591	3,561,413
Total current liabilities	<u>5,944,259</u>	<u>566,549</u>	<u>6,510,808</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year (Note 7)	22,873,318	2,954,772	25,828,090
Capital lease payable	33,956	-	33,956
Accrued compensated absences	1,306,266	-	1,306,266
Settlements payable - due in more than one year	85,800	-	85,800
Other liabilities	-	101,770	101,770
Net pension liabilities	26,359,934	-	26,359,934
Net other post-employment benefit liabilities	10,448,082	-	10,448,082
Total noncurrent liabilities	<u>61,107,356</u>	<u>3,056,542</u>	<u>64,163,898</u>
Total liabilities	<u>67,051,615</u>	<u>3,623,091</u>	<u>70,674,706</u>
Deferred Inflows of Resources:			
Deferred pension amounts	3,826,429	-	3,826,429
Deferred other post-employment benefit amounts	1,032,334	-	1,032,334
Deferred sewer assessments	-	2,778,722	2,778,722
Total deferred inflows of resources	<u>4,858,763</u>	<u>2,778,722</u>	<u>7,637,485</u>
Net Position:			
Net investment in capital assets	33,961,830	7,237,844	41,199,674
Restricted for:			
Education programs	2,245,768	-	2,245,768
Public safety programs	582,828	-	582,828
Historical records preservation	64,628	-	64,628
Other programs	310,575	-	310,575
Unrestricted	(17,264,212)	3,218,416	(14,045,796)
Total net position	<u>\$ 19,901,417</u>	<u>\$ 10,456,260</u>	<u>\$ 30,357,677</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, 2021

<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	\$ 2,029,905	\$ 577,615	\$ 145,637	\$ 345,873	\$ (960,780)	\$ -	\$ (960,780)
Financial administration	1,124,754	60,098	-	-	(1,064,656)	-	(1,064,656)
Public safety	8,595,845	1,480,478	1,673,356	-	(5,442,011)	-	(5,442,011)
Public works	3,294,886	150,238	35,750	-	(3,108,898)	-	(3,108,898)
Grants and contributions	19,826	-	-	-	(19,826)	-	(19,826)
Settlements	47,243	-	-	-	(47,243)	-	(47,243)
Education	31,808,490	222,031	9,647,008	168,282	(21,771,169)	-	(21,771,169)
Interest on long-term debt	798,933	-	1,208,631	-	409,698	-	409,698
Total governmental activities	47,719,882	2,490,460	12,710,382	514,155	(32,004,885)	-	(32,004,885)
Business-Type Activities:							
Water	548,296	680,668	-	71,590	-	203,962	203,962
Sewer	2,360,838	2,632,525	-	-	-	271,687	271,687
Total business-type activities	2,909,134	3,313,193	-	71,590	-	475,649	475,649
Total	\$ 50,629,016	\$ 5,803,653	\$ 12,710,382	\$ 585,745	(32,004,885)	475,649	(31,529,236)
General Revenues:							
Taxes:							
Property taxes							
					35,541,071	-	35,541,071
State aid and in lieu of taxes, not restricted for a specific purpose							
					1,156,659	-	1,156,659
Investment earnings							
					31,940	9,512	41,452
Miscellaneous							
					209,204	-	209,204
Transfers							
					(79,787)	79,787	-
Total general revenues and transfers							
					36,859,087	89,299	36,948,386
Change in net position							
					4,854,202	564,948	5,419,150
Net position - beginning of year, restated							
					15,047,215	9,891,312	24,938,527
Net position - end of year							
					\$ 19,901,417	\$ 10,456,260	\$ 30,357,677

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2021*

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Other Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets				
Cash and cash equivalents	\$ 13,545,147	\$ 2,204,773	\$ 2,566,311	\$ 18,316,231
Real estate and personal property tax receivable (net)	1,473,043	-	-	1,473,043
Due from federal and state governments	-	29,334	433,258	462,592
Other receivables	295,025	-	27,132	322,157
Due from other funds	625,957	864,417	969,038	2,459,412
Prepaid expenditures	162,687	-	550,854	713,541
Total assets	\$ 16,101,859	\$ 3,098,524	\$ 4,546,593	\$ 23,746,976
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 384,662	\$ 656,562	\$ 85,485	\$ 1,126,709
Due to other funds	2,285,809	144,919	363,701	2,794,429
Performance bonds payable	1,424,346	-	-	1,424,346
Unearned revenue	2,288	-	-	2,288
Other liabilities	16,509	-	-	16,509
Total liabilities	4,113,614	801,481	449,186	5,364,281
Deferred Inflows of Resources:				
Deferred property taxes	1,089,707	-	-	1,089,707
Other deferred revenues	-	-	15,022	15,022
Total deferred inflows of resources	1,089,707	-	15,022	1,104,729
Fund Balances:				
Nonspendable:				
Prepaid expenditures	162,687	-	550,854	713,541
Restricted for:				
Education programs	-	2,003,883	241,885	2,245,768
Public safety programs	-	-	582,828	582,828
Historical records preservation	-	-	64,628	64,628
Capital projects	-	-	1,811,859	1,811,859
Other programs	-	-	295,553	295,553
Committed for:				
Road resurfacing and repairs	337,952	-	-	337,952
Revaluation	249,836	-	-	249,836
Capital assets and projects	328,385	-	465,960	794,345
Branch Village project	67,000	-	-	67,000
Public safety programs	5,684	-	68,818	74,502
Other	223,399	-	-	223,399
Assigned to:				
Road resurfacing and repairs	562,156	-	-	562,156
Capital assets and projects	997,903	-	-	997,903
Other	208,633	-	-	208,633
Building and field maintenance	-	242,054	-	242,054
Preschool program	-	25,408	-	25,408
Extraordinary special education costs	-	25,698	-	25,698
Unassigned	7,754,903	-	-	7,754,903
Total fund balances	10,898,538	2,297,043	4,082,385	17,277,966
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,101,859	\$ 3,098,524	\$ 4,546,593	\$ 23,746,976

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, 2021

Total Fund Balances - Total Governmental Funds	\$ 17,277,966
 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.	57,362,566
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.	355,830
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	15,022
Property taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as revenue when received in Governmental Funds financial statements.	1,089,707
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.	(118,635)
Long-term liabilities (including bonds and loans payable, capital leases, 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.	(64,363,128)
Deferred outflows related debt refunding are not reported in the Governmental Funds financial statements, but are reported in the Government-Wide financial statements.	895,545
Net pension assets are not available to pay for current period expenditures and, therefore, are not reported in Governmental Funds financial statements.	2,997,871
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	7,162,135
Deferred inflows - pension	(3,826,429)
Deferred outflows - other post-employment benefits	2,085,301
Deferred inflows - other post-employment benefits	(1,032,334)
 Net Position of Governmental Activities	 <u>\$ 19,901,417</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	School Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 35,624,657	\$ -	\$ -	\$ 35,624,657
Motor vehicle excise in lieu of tax	674,948	-	-	674,948
Intergovernmental and grant revenue	3,740,995	7,614,537	1,862,587	13,218,119
Town clerk licenses and fees	491,522	-	-	491,522
Other departmental fines and fees	875,208	206,641	108,289	1,190,138
Investment and interest income	20,449	-	11,491	31,940
Other revenues	309,031	169,288	653,308	1,131,627
Total revenues	<u>41,736,810</u>	<u>7,990,466</u>	<u>2,635,675</u>	<u>52,362,951</u>
Expenditures:				
Current:				
General government	1,413,305	-	35,567	1,448,872
Financial administration	911,993	-	-	911,993
Public safety	6,445,894	-	118,908	6,564,802
Public works	2,390,667	-	2,779	2,393,446
Fixed charges	2,480,702	-	-	2,480,702
Grants and contributions	19,826	-	-	19,826
Settlements	47,243	-	-	47,243
Education	-	27,651,526	1,653,673	29,305,199
Other	-	-	22,257	22,257
Capital outlay	1,257,545	-	1,251,443	2,508,988
Debt service:				
Principal	3,118,767	-	-	3,118,767
Interest and issuance costs	1,034,458	-	-	1,034,458
Total expenditures	<u>19,120,400</u>	<u>27,651,526</u>	<u>3,084,627</u>	<u>49,856,553</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>22,616,410</u>	<u>(19,661,060)</u>	<u>(448,952)</u>	<u>2,506,398</u>
Other financing sources (uses):				
Capital lease issued	-	42,141	-	42,141
Transfers from other funds	322,249	20,701,519	20,580	21,044,348
Transfers to other funds	(20,781,306)	-	(342,829)	(21,124,135)
Total other financing sources (uses)	<u>(20,459,057)</u>	<u>20,743,660</u>	<u>(322,249)</u>	<u>(37,646)</u>
Net change in fund balances	2,157,353	1,082,600	(771,201)	2,468,752
Fund balances - beginning of year, restated	<u>8,741,185</u>	<u>1,214,443</u>	<u>4,853,586</u>	<u>14,809,214</u>
Fund balances - end of year	<u>\$ 10,898,538</u>	<u>\$ 2,297,043</u>	<u>\$ 4,082,385</u>	<u>\$ 17,277,966</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, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 2,468,752

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. 2,576,258

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. (2,517,772)

The loss on the disposal of capital assets does not require the use of current financial resources. Therefore, the loss on the disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements. (22,057)

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. (881,080)

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. 3,118,766

Debt issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. Deferred amounts on refunding are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide financial statements. This amount represents amortization of deferred amounts on refunding during the current period. 346,667
This amount represents amortization of premium on debt during the current period. (126,708)

Capital lease proceeds provide current financial resources to Governmental Funds, but issuing a capital lease increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide statements. This amount represents capital lease principal payments during the current period. 1,535
This amount represents capital leases issued during the current period.. (42,141)

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. 15,566

Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds. (83,584)

Change in Net Position of Governmental Activities \$ 4,854,202

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, 2021

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 2,671,439	\$ -	\$ 2,671,439
Accounts receivable:				
Water and sewer use fees, net	181,084	194,723	-	375,807
Sewer assessments, net	-	453,268	-	453,268
Other	3,173	83,149	-	86,322
Due from other funds	912,920	-	-	912,920
Total current assets	<u>1,097,177</u>	<u>3,402,579</u>	<u>-</u>	<u>4,499,756</u>
Noncurrent assets:				
Sewer assessments receivable, net	-	2,417,013	-	2,417,013
Capital assets:				
Non-depreciable assets	16,141	-	-	16,141
Depreciable assets - net	3,385,384	7,091,079	-	10,476,463
Total noncurrent assets	<u>3,401,525</u>	<u>9,508,092</u>	<u>-</u>	<u>12,909,617</u>
Total assets	<u>4,498,702</u>	<u>12,910,671</u>	<u>-</u>	<u>17,409,373</u>
Deferred outflows of resources				
Deferred amounts on refunding	-	26,603	-	26,603
Total deferred outflows of resources	<u>-</u>	<u>26,603</u>	<u>-</u>	<u>26,603</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	176,737	21,162	-	197,899
Accrued interest payable	28,949	13,110	-	42,059
Due to other funds	536,000	41,903	-	577,903
Current portion of long term debt	155,019	171,572	-	326,591
Total current liabilities	<u>896,705</u>	<u>247,747</u>	<u>-</u>	<u>1,144,452</u>
Noncurrent liabilities:				
Long-term debt	1,070,774	1,883,998	-	2,954,772
Other liabilities	43,300	58,470	-	101,770
Total noncurrent liabilities	<u>1,114,074</u>	<u>1,942,468</u>	<u>-</u>	<u>3,056,542</u>
Total liabilities	<u>2,010,779</u>	<u>2,190,215</u>	<u>-</u>	<u>4,200,994</u>
Deferred inflows of resources				
Deferred sewer assessments	-	2,778,722	-	2,778,722
Total deferred inflows of resources	<u>-</u>	<u>2,778,722</u>	<u>-</u>	<u>2,778,722</u>
Net position				
Net investment in capital assets	2,175,732	5,062,112	-	7,237,844
Unrestricted	312,191	2,906,225	-	3,218,416
Total net position	<u>\$ 2,487,923</u>	<u>\$ 7,968,337</u>	<u>\$ -</u>	<u>\$ 10,456,260</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, 2021

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
Operating revenues				
Assessments and user fees	\$ 633,990	\$ 2,536,441	\$ -	\$ 3,170,431
Other revenues	46,678	96,084	-	142,762
Total operating revenues	<u>680,668</u>	<u>2,632,525</u>	<u>-</u>	<u>3,313,193</u>
Operating expenses				
Salaries and benefits	35,045	194,493	-	229,538
Service	317,246	1,123,802	-	1,441,048
Operating supplies	667	7,818	-	8,485
Fixed and general charges	49,072	166,687	-	215,759
Depreciation	107,565	826,998	-	934,563
Total operating expenses	<u>509,595</u>	<u>2,319,798</u>	<u>-</u>	<u>2,829,393</u>
Operating income	<u>171,073</u>	<u>312,727</u>	<u>-</u>	<u>483,800</u>
Nonoperating revenues (expenses)				
Interest income	-	9,512	-	9,512
Interest expense	(38,701)	(41,040)	-	(79,741)
Total non-operating revenues (expenses)	<u>(38,701)</u>	<u>(31,528)</u>	<u>-</u>	<u>(70,229)</u>
Income before capital contributions and transfers	132,372	281,199	-	413,571
Capital contributions	71,590	-	-	71,590
Transfer in	79,787	-	900,215	980,002
Transfer out	<u>-</u>	<u>(900,215)</u>	<u>-</u>	<u>(900,215)</u>
Change in net position	283,749	(619,016)	900,215	564,948
Total net position - beginning of year	<u>2,204,174</u>	<u>8,587,353</u>	<u>(900,215)</u>	<u>9,891,312</u>
Total net position - end of year	<u>\$ 2,487,923</u>	<u>\$ 7,968,337</u>	<u>\$ -</u>	<u>\$ 10,456,260</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Cash flows from operating activities</i>				
Cash received from customers	\$ 667,607	\$ 2,563,400	\$ -	\$ 3,231,007
Cash payments to suppliers for goods and services	(376,803)	(1,272,918)	-	(1,649,721)
Cash payments to employees for services	(34,927)	(193,826)	-	(228,753)
<i>Net cash provided by operating activities</i>	255,877	1,096,656	-	1,352,533
<i>Cash flows from non-capital financing activities</i>				
Transfers from other funds	79,787	-	900,215	980,002
Transfers to other funds	-	(900,215)	-	(900,215)
Interfund transactions	(157,204)	75,717	(900,215)	(981,702)
<i>Net cash used for non-capital financing activities</i>	(77,417)	(824,498)	-	(901,915)
<i>Cash flows from capital and related financing activities</i>				
Proceeds from loan	536,000	-	-	536,000
Capital contribution	850,000	-	-	850,000
Acquisition and construction of capital assets	(1,415,329)	-	-	(1,415,329)
Principal paid on bonds and loans	(100,764)	(307,306)	-	(408,070)
Interest paid on bonds and loans	(39,154)	(50,641)	-	(89,795)
Debt issuance costs paid	(9,213)	-	-	(9,213)
<i>Net cash used for capital and related financing activities</i>	(178,460)	(357,947)	-	(536,407)
<i>Cash flows from investing activities</i>				
Investment income	-	9,512	-	9,512
<i>Net cash provided by investing activities</i>	-	9,512	-	9,512
<i>Net decrease in cash and cash equivalents</i>	-	(76,277)	-	(76,277)
<i>Cash and cash equivalents, beginning of year</i>	-	2,747,716	-	2,747,716
<i>Cash and cash equivalents, end of year</i>	\$ -	\$ 2,671,439	\$ -	\$ 2,671,439

(Continued)

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	<i>Business-Type Activities</i>			<i>Total</i>
	<i>Enterprise Funds</i>			
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	
<i>Reconciliation of operating income to net cash provided by operating activities</i>				
Operating income	\$ 171,073	\$ 312,727	\$ -	\$ 483,800
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>				
Depreciation	107,565	826,998	-	934,563
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(13,061)	(391,302)	-	(404,363)
Increase (decrease) in accounts payable and accrued expenses	(9,700)	(17,491)	-	(27,191)
Increase (decrease) in settlements payable	-	(18,630)	-	(18,630)
Increase (decrease) in deferred sewer assessments	-	384,354	-	384,354
<i>Net cash provided by operating activities</i>	<u>\$ 255,877</u>	<u>\$ 1,096,656</u>	<u>\$ -</u>	<u>\$ 1,352,533</u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u><i>Other Post-Employment Benefits Trust Fund</i></u>	<u><i>Private-Purpose Trust Buxton Family Association</i></u>
<i>Assets</i>		
Cash and cash equivalents	\$ -	\$ 830
Investments:		
Pooled investments	1,614,427	-
<i>Total assets</i>	<u>1,614,427</u>	<u>830</u>
 <i>Net position</i>		
Restricted for other post employment benefits and other purposes	<u>\$ 1,614,427</u>	<u>\$ 830</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, 2021

	<u>Other Post-Employment Benefits Trust Fund</u>	<u>Private-Purpose Trust Buxton Family Association</u>
Additions		
Contributions:		
Employer	\$ 724,385	\$ -
Total contributions	<u>724,385</u>	<u>-</u>
Investment earnings:		
Net increase (decrease) in fair value of investments	271,435	-
Interest and dividends	<u>-</u>	<u>3</u>
Total investment earnings	271,435	3
Less investment expense	<u>3,818</u>	<u>-</u>
Net investment income	<u>267,617</u>	<u>3</u>
Total additions	<u>992,002</u>	<u>3</u>
Deductions		
Benefits	433,725	-
Total deductions	<u>433,725</u>	<u>-</u>
Change in net position	558,277	3
Net position - beginning of year	<u>1,056,150</u>	<u>827</u>
Net position - end of year	<u>\$ 1,614,427</u>	<u>\$ 830</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, 2021

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, 2021

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 regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements

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

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets,

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

deferred outflows of resources, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the Town are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

Major Governmental Funds:

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

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

Proprietary Fund Financial Statements

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

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

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

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Sewer Assessment Fund – The Sewer Assessment Fund is used to account for the sewer assessment fees and the project costs associated with new sewer service projects beginning July 1, 2018 or later.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s Fiduciary Funds include an Other Post-Employment Benefits Trust Fund 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. 84 – *Fiduciary Activities*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the Town’s fiscal year ending June 30, 2021.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, effective for the Town’s fiscal year ending June 30, 2021, except for paragraphs 11b, 13 and 14 which are effective for the Town’s fiscal year ending June 30, 2022.

As discussed in Note 19, the adoption of GASB Statement Number 84 resulted in restatements to the financial statements to reclassify funds recorded as agency funds in prior years that no longer meet the definition of a custodial fund. The adoption of GASB Statement Number 90 and the portion of GASB Statement Number 93 applicable in fiscal year 2021 did not have an impact on the Town’s financial position or results of operations.

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

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the Town’s fiscal year ending June 30, 2022.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 92 – *Omnibus 2020*, effective for the Town’s fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3 which are effective upon issuance.
- GASB Statement No. 93 – *Replacement of Interbank Offered Rates*, paragraphs 11b, 13 and 14 which are effective for the Town’s fiscal year ending June 30, 2022.
- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, effective for the Town’s fiscal year ending June 30, 2023.
- GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*, effective for the Town’s fiscal year ending June 30, 2022, except for paragraphs 4 and 5 which are effective upon issuance.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*, effective for the Town’s fiscal year ending June 30, 2022.

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

D. CASH AND CASH EQUIVALENTS

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

E. INVESTMENTS

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

F. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

In the Governmental Fund Financial Statements, deferred inflows of resources are reported for receivables recorded in the Governmental Fund Financial Statements for which the revenue is not available or amounts received before the period for which property taxes are levied. In the Government-Wide Financial Statements, deferred amounts are reported for amounts related to refunding debt issues which will be amortized as a component of interest expense in future years. Deferred outflows of resources and deferred inflows of resources are also reported for amounts related to the Town's other post-employment benefits 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 97.5% of the total 2020 levy. The Town's fiscal 2020-2021 property taxes were levied on June 30, 2020 on assessed valuation as of December 31, 2019. Upon levy, taxes are due and payable on August 15 or may be paid quarterly on August 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Taxable assessed values are established by Tax Assessor's Office and are currently calculated at approximately 100% of current market value for real estate and 80% of current market value for motor vehicles.

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 at June 30. Sick leave benefits are accrued based on the sick leave accumulated as of June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2021.

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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. PENSIONS

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

O. 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.

P. USE OF ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to three percent of total taxable assessed value, which approximates \$54,296,341. As of June 30, 2021, the Town's debt subject to the legal debt margin is \$2,302,640 and the Town is under the debt limit by \$51,993,701. The debt subject to the debt limitation is based on the type of debt that is issued.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – CASH DEPOSITS

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

	<i>Carrying Amount</i>
Total Deposits	\$20,987,350
Add: Petty cash	<u>1,150</u>
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u><u>\$20,988,500</u></u>

CUSTODIAL CREDIT RISK – custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State laws as described below. As of June 30, 2021, \$20,395,245 of the Town’s bank balance of \$21,645,245 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$1,250,000
Collateralized with securities held by pledging financial institution or its agent in the Town’s name	15,443,055
Collateralized with securities held by pledging financial institution or its agent, but not in the Town’s name	4,952,190
Uninsured and uncollateralized	-
<i>Total</i>	<u><u>\$21,645,245</u></u>

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At June 30, 2021, the Town had no uncollateralized deposits with institutions.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – INVESTMENTS

At June 30, 2021, the Town’s investment balances were as follows:

<u><i>Investment</i></u>	<u><i>Fair Value</i></u>
Trust OPEB Funding Program	\$1,614,427
<i>Total Investments Reported in the Financial Statements</i>	<u><u>\$1,614,427</u></u>

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

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

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

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

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

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, 2021.

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

	<u><i>Fair Value</i></u>	<u><i>Redemption Frequency</i></u>	<u><i>Redemption Notice Period</i></u>
Trust OPEB Funding Program	\$1,614,427	Daily	None

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June, 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land and land easements	\$ 8,880,242	\$ 429,000	\$ -	\$ 9,309,242
Construction in progress	729,254	120,796	729,254	120,796
	<u>9,609,496</u>	<u>549,796</u>	<u>729,254</u>	<u>9,430,038</u>
Depreciable assets:				
Land improvements	4,070,225	-	76,152	3,994,073
Buildings and improvements	64,580,794	1,296,469	-	65,877,263
Infrastructure	24,883,687	894,460	-	25,778,147
Machinery, equipment and furniture	5,447,993	255,755	1,447,937	4,255,811
Vehicles	5,904,295	309,032	924,400	5,288,927
	<u>104,886,994</u>	<u>2,755,716</u>	<u>2,448,489</u>	<u>105,194,221</u>
Total capital assets	<u>114,496,490</u>	<u>3,305,512</u>	<u>3,177,743</u>	<u>114,624,259</u>
Less accumulated depreciation for:				
Land improvements	2,476,690	129,690	76,152	2,530,228
Buildings and improvements	23,833,994	1,586,009	-	25,420,003
Infrastructure	22,436,433	209,036	-	22,645,469
Machinery, equipment and furniture	4,761,372	162,697	1,425,880	3,498,189
Vehicles	3,661,864	430,340	924,400	3,167,804
	<u>57,170,353</u>	<u>2,517,772</u>	<u>2,426,432</u>	<u>57,261,693</u>
Governmental activities capital assets, net	<u>\$ 57,326,137</u>	<u>\$ 787,740</u>	<u>\$ 751,311</u>	<u>\$ 57,362,566</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 16,141	\$ -	\$ -	\$ 16,141
Construction in progress	813,371	-	813,371	-
	<u>829,512</u>	<u>-</u>	<u>813,371</u>	<u>16,141</u>
Depreciable assets:				
Land improvements	32,405	-	-	32,405
Buildings and improvements	2,395,497	-	-	2,395,497
Infrastructure	12,322,181	1,451,098	-	13,773,279
Machinery, equipment and furniture	19,287,511	5,974	-	19,293,485
Vehicles	139,110	-	-	139,110
	<u>34,176,704</u>	<u>1,457,072</u>	<u>-</u>	<u>35,633,776</u>
Total capital assets	<u>35,006,216</u>	<u>1,457,072</u>	<u>813,371</u>	<u>35,649,917</u>
Less accumulated depreciation for:				
Land improvements	19,559	863	-	20,422
Buildings and improvements	984,962	47,910	-	1,032,872
Infrastructure	6,399,139	210,423	-	6,609,562
Machinery, equipment and furniture	16,679,980	675,367	-	17,355,347
Vehicles	139,110	-	-	139,110
	<u>24,222,750</u>	<u>934,563</u>	<u>-</u>	<u>25,157,313</u>
Business-type activities capital assets, net	<u>\$ 10,783,466</u>	<u>\$ 522,509</u>	<u>\$ 813,371</u>	<u>\$ 10,492,604</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Depreciation expense was charged as follows:

Governmental activities:

General government	\$ 170,429
Public safety	270,031
Public works	494,535
Education	1,582,777
Total depreciation expense, governmental activities	<u><u>\$ 2,517,772</u></u>

Business-type activities:

Water fund	\$ 107,565
Sewer fund	826,998
Total depreciation expense, business-type activities	<u><u>\$ 934,563</u></u>

NOTE 7 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES:

Changes in long-term liabilities during the year ended June 30, 2021 were as follows:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending Balance</i>	<i>Amounts Due Within One Year</i>
Governmental activities:					
Bonds and loans payable:					
Bonds and loans payable	\$ 24,466,811	\$ -	\$ 2,788,766	\$ 21,678,045	\$ 2,874,822
Bonds from direct placements	235,000	-	55,000	180,000	60,000
Loans from direct borrowings	2,025,000	-	275,000	1,750,000	300,000
	26,726,811	-	3,118,766	23,608,045	3,234,822
Plus amortized premium on bonds	2,846,762	-	346,667	2,500,095	-
Total bonds and loans	29,573,573	-	3,465,433	26,108,140	3,234,822
Other liabilities:					
Capital lease payable	-	42,141	1,535	40,606	6,650
Accrued compensated absences	1,169,313	161,900	24,947	1,306,266	-
Settlements payable	100,100	-	-	100,100	14,300
Net other post-employment benefit liabilities	9,719,447	800,587	71,952	10,448,082	-
Net pension liabilities	26,181,226	178,708	-	26,359,934	-
Total Governmental Activities	\$ 66,743,659	\$ 1,183,336	\$ 3,563,867	\$ 64,363,128	\$ 3,255,772
Business-type activities:					
Bonds and loans payable:					
Bonds payable	\$ 563,244	\$ -	\$ 163,467	\$ 399,777	\$ 48,000
Bonds and loans from direct borrowings	3,096,230	-	244,603	2,851,627	278,591
	3,659,474	-	408,070	3,251,404	326,591
Plus amortized premium on bonds	33,704	-	3,745	29,959	-
Total bonds and loans	3,693,178	-	411,815	3,281,363	326,591
Other liabilities:					
Settlements payable	18,630	-	18,630	-	-
Total Business-Type Activities	\$ 3,711,808	\$ -	\$ 430,445	\$ 3,281,363	\$ 326,591

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, a loan payable of \$550,000 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 compensated absences are paid from the General Fund and School Unrestricted Fund. The net other post-employment benefit liabilities and net pension liabilities will be paid from the General Fund and School Unrestricted Fund.

B. GENERAL OBLIGATION BONDS AND LOANS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2021 were as follows:

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Governmental Activities</i> <i>Bonds and Loans Payable</i>		<i>Governmental Activities</i> <i>Bonds from Direct Placements</i>		<i>Governmental Activities</i> <i>Loans from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2022	\$ 2,874,822	\$ 847,026	\$ 60,000	\$ 3,391	\$ 300,000
2023	2,754,162	755,223	60,000	2,035	320,000	55,680
2024	2,854,162	646,356	60,000	678	350,000	43,392
2025	2,959,162	532,231	-	-	375,000	29,952
2026	3,060,559	412,684	-	-	405,000	15,552
2027-2031	5,455,178	666,053	-	-	-	-
2032-2036	1,075,000	199,950	-	-	-	-
2037-2039	645,000	38,700	-	-	-	-
	<u>\$ 21,678,045</u>	<u>\$ 4,098,223</u>	<u>\$ 180,000</u>	<u>\$ 6,104</u>	<u>\$ 1,750,000</u>	<u>\$ 211,776</u>

<i>Fiscal Year</i> <i>Ended June 30,</i>	<i>Business-Type Activities</i> <i>Bonds Payable</i>		<i>Business-Type Activities</i> <i>Bonds and Loans</i> <i>from Direct Borrowings</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	2022	\$ 48,000	\$ 5,088	\$ 278,591
2023	55,838	8,152	282,787	59,067
2024	55,837	5,919	252,495	51,801
2025	55,838	4,244	257,976	46,240
2026	54,442	3,141	264,037	40,333
2027-2031	129,822	3,197	1,188,898	116,345
2032-2036	-	-	164,220	66,250
2037-2040	-	-	162,623	20,890
	<u>\$ 399,777</u>	<u>\$ 29,741</u>	<u>\$ 2,851,627</u>	<u>\$ 466,958</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Financial Statements

June 30, 2021

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, 2020</u>	<u>New Issues</u>	<u>Refundings/ Maturities During Year</u>	<u>Outstanding June 30, 2021</u>
Governmental Activities:								
Bonds and loans payable:								
Refunding bond	6/12/2012	1.89%	10/15/2021	\$ 2,068,000	\$ 388,055	\$ -	\$ 196,000	\$ 192,055
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	1,441,624	1,203,756	-	147,766	1,055,990
General obligation bond	6/30/2016	2.00-4.00%	6/15/2026	7,350,000	4,660,000	-	725,000	3,935,000
Refunding loan	8/10/2016	2.00-5.00%	5/15/2028	17,115,000	14,130,000	-	1,505,000	12,625,000
School general obligation bond	5/16/2019	3.00-4.00%	5/15/2039	4,300,000	4,085,000	-	215,000	3,870,000
Bonds from direct placements:								
General obligation bond	12/30/2013	2.25%	12/15/2023	545,000	235,000	-	55,000	180,000
Loans from direct borrowings:								
School loan	9/2/2010	3.84%	4/1/2026	<u>3,550,000</u>	<u>2,025,000</u>	-	<u>275,000</u>	<u>1,750,000</u>
Total Governmental Activities				<u>36,369,624</u>	<u>26,726,811</u>	-	<u>3,118,766</u>	<u>23,608,045</u>
Business-Type Activities:								
Water Fund:								
Bonds payable:								
Refunding bond	6/12/2012	1.89%	10/15/2021	517,000	97,000	-	49,000	48,000
Bonds and loans from direct borrowings:								
Water bond	5/11/1982	5.00%	5/11/2022	50,000	5,285	-	2,644	2,641
Water bond	8/26/1999	5.00%	8/26/2039	790,900	574,020	-	17,376	556,644
Shell oil bond	9/16/1997	5.50%	9/16/2022	500,000	100,253	-	31,745	68,508
Water loan	5/21/2020	0.77-1.20%	9/1/2030	<u>1,400,000</u>	<u>550,000</u>	-	-	<u>550,000</u>
				<u>3,257,900</u>	<u>1,326,558</u>	-	<u>100,765</u>	<u>1,225,793</u>
Sewer Fund:								
Bonds payable:								
Refunding bond	6/30/2016	2.00-4.00%	7/1/2028	558,376	466,244	-	114,467	351,777
Bonds and loans from direct borrowings:								
Mendon road project #1 bond	12/18/1990	7.25%	12/18/2020	303,000	20,841	-	20,841	-
Mendon road project #2 bond	4/7/1992	6.625%	4/7/2021	60,000	4,115	-	4,115	-
Clean water revolving loan	10/6/2009	0.49-1.93%	9/1/2029	<u>4,750,000</u>	<u>1,841,716</u>	-	<u>167,882</u>	<u>1,673,834</u>
				<u>5,671,376</u>	<u>2,332,916</u>	-	<u>307,305</u>	<u>2,025,611</u>
Total Business-Type Activities				<u>8,929,276</u>	<u>3,659,474</u>	-	<u>408,070</u>	<u>3,251,404</u>
 Total Bonds and Loans Payable				<u>\$ 45,298,900</u>	<u>\$ 30,386,285</u>	<u>\$ -</u>	<u>\$ 3,526,836</u>	<u>\$ 26,859,449</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

D. CAPITAL LEASE COMMITMENTS

The Town acquired office equipment valued at \$42,141 that was financed with a lease purchase agreement. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2021.

Obligations of governmental activities under the capital lease as of June 30, 2021 were as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Governmental Activities</u> <u>Lease Payment</u> <u>Requirements</u>
2022	\$ 11,429
2023	11,429
2024	11,429
2025	11,429
2026	<u>8,572</u>
Total minimum lease payments	54,288
Less: Amount representing interest cost	<u>(13,682)</u>
Present value of minimum lease payments	<u><u>\$ 40,606</u></u>

NOTE 8 – INTERFUND BALANCES

The Town reports interfund balances between many of its funds. Interfund balances at June 30, 2021 were as follows:

	<u>Due From:</u>					<u>Total</u>
	<u>General</u> <u>Fund</u>	<u>School</u> <u>Unrestricted</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	
<i>Due To:</i>						
General Fund	\$ -	\$ -	\$ 48,054	\$ 536,000	\$ 41,903	\$ 625,957
School Unrestricted Fund	548,770	-	315,647	-	-	864,417
Nonmajor Governmental Funds	824,119	144,919	-	-	-	969,038
Water Fund	912,920	-	-	-	-	912,920
Total	<u><u>\$ 2,285,809</u></u>	<u><u>\$ 144,919</u></u>	<u><u>\$ 363,701</u></u>	<u><u>\$ 536,000</u></u>	<u><u>\$ 41,903</u></u>	<u><u>\$ 3,372,332</u></u>

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – INTERFUND TRANSFERS

	<u>Transfer From:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	
Transfer To:				
General Fund	\$ -	\$ 322,249	\$ -	\$ 322,249
School Unrestricted Fund	20,701,519	-	-	20,701,519
Nonmajor Governmental Funds	-	20,580	-	20,580
Water Fund	79,787	-	-	79,787
Sewer Assessment Fund	-	-	900,215	900,215
Total	<u>\$ 20,781,306</u>	<u>\$ 342,829</u>	<u>\$ 900,215</u>	<u>\$ 22,024,350</u>

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

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

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

<u>Fund/Description</u>	<u>Allowance for Doubtful Accounts</u>
Governmental Activities/General Fund – Real estate and personal property tax receivable	\$893,309
Governmental Activities – Accrued interest receivable	382,721
Business-Type Activities/Water Fund – Use fees receivable	1,829
Business-Type Activities/Sewer Fund – Use fees receivable	6,022
Business-Type Activities/Sewer Fund – Sewer assessments receivable	2,832

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 204,396	\$ 180,266	\$ -	\$ 384,662
School Unrestricted Fund	272,253	384,309	-	656,562
Nonmajor Governmental Funds	77,734	7,751	-	85,485
Reconciliation of balances in fund financial statements to government- wide financial statements	-	-	16,509	16,509
Total Governmental Activities	<u>\$ 554,383</u>	<u>\$ 572,326</u>	<u>\$ 16,509</u>	<u>\$ 1,143,218</u>
Business-Type Activities:				
Water Fund	\$ 75,541	\$ 839	\$ 100,357	\$ 176,737
Sewer Fund	16,409	4,753	-	21,162
Total Business-Type Activities	<u>\$ 91,950</u>	<u>\$ 5,592</u>	<u>\$ 100,357</u>	<u>\$ 197,899</u>

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”.

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.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

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

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

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

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

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, 2021

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 \$17,277,966 differs from the total net position for Governmental Activities of \$19,901,417 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	\$ 18,316,231	\$ -	\$ -	\$ 18,316,231
Real and personal property				
tax receivable, net	1,473,043	-	-	1,473,043
Due from federal and state governments	462,592	-	-	462,592
Accrued interest receivable, net	-	355,830	-	355,830
Other receivables	322,157	-	-	322,157
Internal balances	2,459,412	-	(2,794,429)	(335,017)
Prepaid items	713,541	-	-	713,541
Capital assets, net	-	57,362,566	-	57,362,566
Net pension asset	-	2,997,871	-	2,997,871
Total assets	\$ 23,746,976	\$ 60,716,267	\$ (2,794,429)	\$ 81,668,814
Total deferred outflows of resources	\$ -	\$ 10,142,981	\$ -	\$ 10,142,981
Liabilities:				
Accounts payable and accrued expenditures	\$ 1,126,709	\$ -	\$ 16,509	\$ 1,143,218
Accrued interest payable	-	118,635	-	118,635
Internal balances	2,794,429	-	(2,794,429)	-
Performance bonds payable	1,424,346	-	-	1,424,346
Unearned revenue	2,288	-	-	2,288
Other liabilities	16,509	-	(16,509)	-
Long-term liabilities:				
Due within one year	-	3,255,772	-	3,255,772
Due in more than one year	-	61,107,356	-	61,107,356
Total liabilities	\$ 5,364,281	\$ 64,481,763	\$ (2,794,429)	\$ 67,051,615
Total deferred inflows of resources	\$ 1,104,729	\$ 3,754,034	\$ -	\$ 4,858,763
Total fund balances/net position	\$ 17,277,966	\$ 2,623,451	\$ -	\$ 19,901,417

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Cost of capital assets	\$ 114,624,259
Accumulated depreciation	(57,261,693)
	\$ 57,362,566

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

Adjustment of deferred revenue	\$ (1,104,729)
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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.

	\$ 355,830
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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	\$ 26,108,140
Capital lease payable	40,606
Accrued compensated absences	1,306,266
Settlements payable	100,100
Net OPEB liabilities	10,448,082
Net pension liabilities	26,359,934
Accrued interest payable	118,635
	\$ 64,481,763
Deferred outflows - refunding	\$ 895,545
Net pension asset	\$ 2,997,871
Deferred outflows - pension	\$ 7,162,135
Deferred outflows - OPEB	2,085,301
	\$ 9,247,436
Deferred inflows - pension	\$ 3,826,429
Deferred inflows - OPEB	1,032,334
	\$ 4,858,763

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

The net change in the fund balances for Governmental Funds of \$2,468,752 differs from the change in net position for Governmental Activities of \$4,854,202 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the Governmental Funds. The effect of the differences is illustrated below.

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

	<u>Total Governmental Funds</u>	<u>Long-Term Revenues/ Expenses (1)</u>	<u>Capital- Related Items (2)</u>	<u>Long-Term Liability Transactions (3)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities Totals</u>
Revenues:						
Property taxes	\$ 35,624,657	\$ (83,584)	\$ -	\$ -	\$ (2)	\$ 35,541,071
Motor vehicle excise in lieu of tax	674,948	-	-	-	(674,948)	-
Intergovernmental and grant revenue	13,218,119	282,065	92,440	-	788,572	14,381,196
Town clerk licenses and fees	491,522	-	-	-	-	491,522
Other departmental fines and fees	1,190,138	-	-	-	808,800	1,998,938
Investment and interest income	31,940	-	-	-	-	31,940
Other revenues	1,131,627	-	-	-	(922,423)	209,204
Total revenues	<u>52,362,951</u>	<u>198,481</u>	<u>92,440</u>	<u>-</u>	<u>(1)</u>	<u>52,653,871</u>
Expenditures:						
Current:						
General government	1,448,872	-	170,429	119,137	291,467	2,029,905
Financial administration	911,993	-	(20,466)	56,327	176,900	1,124,754
Public safety	6,564,802	-	262,616	608,998	1,159,429	8,595,845
Public works	2,393,446	-	497,808	70,717	332,915	3,294,886
Fixed charges	2,480,702	-	-	(683,725)	(1,796,977)	-
Grants and contributions	19,826	-	-	-	-	19,826
Settlements	47,243	-	-	-	-	47,243
Education	29,305,199	282,065	1,513,135	708,091	-	31,808,490
Other	22,257	-	-	-	(22,257)	-
Capital outlay	2,508,988	-	(2,367,511)	-	(141,477)	-
Debt service:						
Principal	3,118,767	-	-	(3,118,766)	(1)	-
Interest	1,034,458	(15,566)	-	(219,959)	-	798,933
Total expenditures	<u>49,856,553</u>	<u>266,499</u>	<u>56,011</u>	<u>(2,459,180)</u>	<u>(1)</u>	<u>47,719,882</u>
Other financing sources (uses):						
Capital lease issued	42,141	-	-	(42,141)	-	-
Transfer from (to) other funds	(79,787)	-	-	-	-	(79,787)
Total other financing sources (uses)	<u>(37,646)</u>	<u>-</u>	<u>-</u>	<u>(42,141)</u>	<u>-</u>	<u>(79,787)</u>
Net change for the year	<u>\$ 2,468,752</u>	<u>\$ (68,018)</u>	<u>\$ 36,429</u>	<u>\$ 2,417,039</u>	<u>\$ -</u>	<u>\$ 4,854,202</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	\$ (48,214)
Change in accrued interest receivable	(35,370)
	<u>\$ (83,584)</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>\$ (15,566)</u>
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TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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<p>Change in on-behalf pension payments made by the State related to recording the net pension liability in the Government-Wide Statement of Activities.</p>	<p>Change in intergovernmental and grant revenue \$ 282,065</p> <p>Change in education expense \$ 282,065</p>
<p>(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.</p>	<p>Capital outlay \$ (2,483,818)</p> <p>Depreciation expense 2,517,772</p> <p>\$ 33,954</p>
<p>Capital assets contributed to the Town do not provide current financial resources. Therefore, the capital contribution is not reported as a revenue in the Governmental Funds financial statements.</p>	<p>\$ 92,440</p>
<p>The loss on the disposal of capital assets does not require the use of current financial resources. Therefore, the loss on the disposal of capital assets is not reported as an expenditure in the Governmental Funds financial statements.</p>	<p>\$ 22,057</p>
<p>(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.</p>	<p>Bond and loan principal payments made \$ (3,118,766)</p>
<p>Capital lease proceeds provide current financial resources to Governmental Funds, but issuing a capital lease increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide financial statements.</p>	<p>Issuance of capital lease \$ (42,141)</p> <p>Capital lease principal payments made \$ (1,535)</p>
<p>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.</p>	<p>Amortization of premium on long-term debt \$ (346,667)</p> <p>Amortization of deferred amounts on refunding 126,708</p> <p>\$ (219,959)</p>
<p>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.</p>	<p>Net increase in compensated absences \$ 136,953</p> <p>Net change in net OPEB liabilities and related deferred outflows/inflows 73,034</p> <p>Net change in net pension liabilities (assets) and related deferred outflows/inflows 671,093</p> <p>\$ 881,080</p>

NOTE 13 – RISK MANAGEMENT

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

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

NOTE 14 – LITIGATION AND CONTINGENCIES

A. LITIGATION

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

B. FEDERALLY FUNDED PROGRAMS

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

NOTE 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS

A. TOWN PLAN

Plan Description

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

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

Active employees	67
Inactive employees receiving benefits	21
	88

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

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- **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, 2021, 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, 2021, the Town contributed \$724,385 to the plan. Administrative costs are paid from plan assets.

Summary of Significant Accounting Policies

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

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

Investments

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

Rate of Return – For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 23.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

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Net OPEB Liability of the Town Plan

The components of the net OPEB liability of the Town at June 30, 2021, were as follows:

Total OPEB Liability	\$6,656,639
OPEB Plan Fiduciary Net Position	<u>(1,614,427)</u>
Net OPEB Liability	<u>\$5,042,212</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	24.25%
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Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	3% per annum
Inflation	3% per annum
Discount Rate	2.18% (prior valuation - 2.66%)
Mortality	RP-2006 mortality table with MP-2019 projection

Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

Discount Rate – The discount rate used to measure the OPEB liability was 2.18% for the Town Plan. The projection of cash flows used to determine the discount rate assumed that the plan was unfunded since the Trust Fund assets are low compared to the liabilities. Based on those assumptions, the Town Plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. The municipal bond rate of 2.18% (S&P Municipal Bond 20-year High Grade Rate Index) was applied to all years in the analysis. The prior valuation used a discount rate of 2.66%.

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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, 2020</i>	\$6,170,314	\$1,056,150	\$5,114,164
Changes for the Year:			
Service cost	295,920	-	295,920
Interest on the total OPEB liability	158,362	-	158,362
Changes in benefits	-	-	-
Difference between expected and actual experience	93,360	-	93,360
Changes in assumptions	372,408	-	372,408
Employer contributions	-	724,385	(724,385)
Plan member contributions	-	-	-
Net investment income	-	267,617	(267,617)
Benefit payments, including employee refunds	(433,725)	(433,725)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	486,325	558,277	(71,952)
<i>Balances as of June 30, 2021</i>	\$6,656,639	\$1,614,427	\$5,042,212

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Town Plan, as well as what the Town Plan's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (1.18%) and 1-percentage-point higher (3.18%) than the current discount rate:

	<i>1% Decrease (1.18%)</i>	<i>Current Discount Rate (2.18%)</i>	<i>1% Increase (3.18%)</i>
Net OPEB Liability	\$5,817,384	\$5,042,212	\$4,266,039

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

	<i>1% Decrease (7% decreasing to 4%)</i>	<i>Current Healthcare Cost Trend Rates (8% decreasing to 5%)</i>	<i>1% Increase (9% decreasing to 6%)</i>
Net OPEB Liability	\$4,296,656	\$5,042,212	\$5,929,884

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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, 2021, the Town recognized OPEB expense of \$455,541. At June 30, 2021, 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	\$508,397	\$237,619
Change of assumptions	500,376	-
Net difference between projected and actual earnings on OPEB plan investments	-	221,277
<i>Total</i>	\$1,008,773	\$458,896

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:

2022	\$29,353
2023	27,903
2024	33,379
2025	40,097
2026	88,002
Thereafter	331,143

B. SCHOOL PLAN

Plan Description

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

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

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Active employees	219
Inactive employees receiving benefits	5
	224

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

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

Total OPEB Liability of the School Plan

The School Department’s total OPEB liability of \$5,405,870 was measured as of June 30, 2021, the measurement date, and was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021.

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

Actuarial Cost Method	Entry Age Normal Cost Method
Salary Increases	3% per annum
Inflation	3% per annum
Discount Rate	2.18% (prior valuation - 2.66%)
Mortality	RP-2006 mortality table with MP-2019 projection

Health Care Trend Rates	<u>Year</u>	<u>Medical</u>	<u>Dental</u>
	1	8.0%	5.0%
	2	7.5%	5.0%
	3	7.0%	5.0%
	4	6.5%	5.0%
	5	6.0%	5.0%
	6	5.5%	5.0%
	7+	5.0%	5.0%

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index. The prior valuation used a discount rate of 2.66%.

School Plan - Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at of June 30, 2020	\$4,605,283
Changes for the Year:	
Service cost	221,638
Interest on the total OPEB liability	121,679
Changes of benefit terms	-
Difference between expected and actual experience	88,142
Changes in assumptions and other inputs	430,860
Benefit payments	(61,732)
Net change	<u>800,587</u>
Balance at of June 30, 2021	<u>\$5,405,870</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
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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 (1.18%) and 1-percentage-point higher (3.18%) than the current discount rate:

	1% Decrease <u>(1.18%)</u>	Current Discount Rate <u>(2.18%)</u>	1% Increase <u>(3.18%)</u>
Total OPEB Liability	\$6,303,744	\$5,405,870	\$4,507,995

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:

	1% Decrease <u>(7% decreasing to 4%)</u>	Current Healthcare Cost Trend Rates <u>(8% decreasing to 5%)</u>	1% Increase <u>(9% decreasing to 6%)</u>
Total OPEB Liability	\$4,477,078	\$5,405,870	\$6,529,028

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

For the year ended June 30, 2021, the School Department recognized OPEB expense of \$403,608. At June 30, 2021, the School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$462,561	\$573,438
Change of assumptions	613,967	-
Total	<u>\$1,076,528</u>	<u>\$573,438</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:

2022	\$60,291
2023	60,291
2024	60,291
2025	60,291
2026	60,291
Thereafter	201,635

C. AGGREGATE OPEB AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – OPEB Amounts</i>	<i>Deferred Inflows of Resources – OPEB Amounts</i>	<i>Net OPEB Liability</i>	<i>OPEB Expense</i>
Town Plan	\$1,008,773	\$458,896	\$5,042,212	\$455,541
School Plan	<u>1,076,528</u>	<u>573,438</u>	<u>5,405,870</u>	<u>403,608</u>
Total	<u>\$2,085,301</u>	<u>\$1,032,334</u>	<u>\$10,448,082</u>	<u>\$859,149</u>

NOTE 16 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM PLANS

Defined Benefit Plan

General Information about the Pension Plan

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

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

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

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

Cost of living adjustments are provided but are currently suspended until the collective plans 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 2021, North Smithfield School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the North Smithfield School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by the North Smithfield School Department; the rates were 10.75% and 14.50% of annual covered payroll for the fiscal year ended June 30, 2021 for the State and the North Smithfield School Department, respectively. The North Smithfield School Department contributed \$1,897,556, \$1,841,002, and \$1,757,474 for the fiscal years ended June 30, 2021, 2020, and 2019, respectively, equal to 100% of the required contributions for each year. The State's share of contributions totaling \$1,366,787 for fiscal year 2021 are reflected as on-behalf payments and are included as both revenue and expenditures in the Governmental Funds financial statements.

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

At June 30, 2021, the North Smithfield School Department reported a liability of \$21,927,691 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

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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	\$21,927,691
State’s proportionate share of the net pension liability associated with the North Smithfield School Department	<u>16,292,812</u>
<i>Total net pension liability</i>	<u>\$38,220,503</u>

The net pension liability was measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020. The North Smithfield School Department’s proportion of the net pension liability was based on a projection of the North Smithfield School Department’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2020 the North Smithfield School Department’s proportion was 0.68631146%.

For the year ended June 30, 2021, the North Smithfield School Department recognized in the Government-Wide financial statements gross pension expense of \$3,733,538 and revenue of \$1,648,852 for support provided by the State. At June 30, 2021, the North Smithfield School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred outflows of resources:</i>	
Contributions subsequent to the measurement date	\$1,897,556
Change of assumptions	978,887
Differences between expected and actual experience	214,394
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,015,528
Net difference between projected and actual earnings on pension plan investments	<u>445,176</u>
<i>Total</i>	<u>\$4,551,541</u>

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Deferred inflows of resources:	
Change of assumptions	\$510,988
Differences between expected and actual experience	427,338
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,050,073
Total	<u><u>\$1,988,399</u></u>

\$1,897,556 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department contributions in fiscal year 2021 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:	
2022	\$(32,973)
2023	281,209
2024	388,407
2025	297,563
2026	(139,415)
Thereafter	(129,205)

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

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

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

The following actuarial assumptions have been changed since the prior measurement date:

- The mortality tables were changed from variants of the RP-2014 Tables, updated to the ultimate rates of the MP-2016 projection scale to variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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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 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	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 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<i>1.00% Decrease</i>	<i>Current Discount Rate</i>	<i>1.00 Increase</i>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$26,309,761	\$21,927,691	\$16,639,253

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 \$379,685 for the fiscal year ended June 30, 2021. For financial reporting purposes, the State's share of contributions totaling \$53,865 for fiscal year 2021 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 \$18,630, \$18,825, and \$19,550, for the fiscal years ended June 30, 2021, 2020, and 2019, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2021 the North Smithfield School Department reported an asset of \$2,997,871 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, 2020, 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, 2019 rolled

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forward to June 30, 2020. 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 2020 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2020 the North Smithfield School Department's proportion was 2.52423504%.

For the year ended June 30, 2021 the North Smithfield School Department recognized pension expense of \$(77,247) – an increase in the net pension asset. At June 30, 2021 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	\$18,630
Change of assumptions	202,277
Difference between expected and actual experience	257,119
Changes in proportion and differences between employer contributions and proportionate share of contributions	201,229
Net difference between projected and actual earnings on pension plan investments	146,296
<i>Total</i>	<u>\$825,551</u>
<i>Deferred inflows of resources:</i>	
Difference between expected and actual experience	\$639,262
Change of assumptions	207,161
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,145
<i>Total</i>	<u>\$912,568</u>

\$18,630 reported as deferred outflows of resources related to pensions resulting from the North Smithfield School Department's contributions in fiscal year 2021 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:

2022	\$(19,657)
2023	41,345
2024	56,593
2025	(1,983)
2026	(72,894)
Thereafter	(109,051)

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

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

Mortality – Variants of the 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 following actuarial assumptions have been changed since the prior measurement date:

- The mortality tables were changed from variants of the RP-2014 Tables, updated to the ultimate rates of the MP-2016 projection scale to variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.

The actuarial assumptions used in the June 30, 2019 valuation and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20 years) by asset class, are summarized in the following table:

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Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	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 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<i>1.00% Decrease</i>	<i>Current Discount Rate</i>	<i>1.00 Increase</i>
<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
\$2,493,644	\$2,997,871	\$3,606,558

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>.

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

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

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

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

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

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

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior retirement date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e.,

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the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

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

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

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

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

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

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

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

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

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the

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20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

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

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

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

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. The first interim COLA may begin January 1, 2018.

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

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

Employees Covered by Benefit Terms - At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
Retirees and Beneficiaries	73	22
Inactive, Nonretired Members	72	4
Active Members	100	27
Total	245	53

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, 2021: general employees plan - \$228,460 and police officers plan - \$498,154. The Town's contributions represented the following percentages of annual covered payroll: general employees plan - 5.35%; and police officers plan -24.73%.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2019 and rolled forward to June 30, 2020, 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, 2020 Measurement Date (June 30, 2019 valuation rolled forward to June 30, 2020)</i>	
Actuarial Cost Method	Entry Age Normal - The Individual Entry Age Actuarial Cost methodology is used
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increases	General Employees - 3.25% to 7.25% ; Police Officers - 4.0% to 14.0%
Inflation	2.5%
Mortality	Variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16
Cost of Living Adjustments	A 2.10% COLA is assumed for all MERS units with the COLA provision

The following actuarial assumptions have been changed since the prior measurement date:

- The general employees projected salary increases assumption was changed from 3.50% to 7.50% to 3.25% to 7.25%.
- The mortality tables were changed from variants of the RP-2014 Tables, updated to the ultimate rates of the MP-2016 projection scale to variants of the PUB (10) Tables for Healthy and Disabled Retirees, projected with Scale Ultimate MP16.
- The cost of living adjustments assumption was changed from 2.00% to 2.10%.

The actuarial assumptions used in the June 30, 2019 valuation rolled forward to June 30, 2020 and the calculation of the total pension liability at June 30, 2020 were consistent with the results of an actuarial experience study performed as of June 30, 2019.

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 39 sources. The June 30, 2020 expected arithmetic returns over the long-term (20-years) by asset class are summarized in the following table:

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Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
GROWTH		
Global Equity		
US Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	40.00%	
Private Growth		
Private Equity	11.25%	9.71%
Non-Core Real Estate	2.25%	5.66%
Opportunistic Private Credit	1.50%	9.71%
Sub-total	15.00%	
INCOME		
High Yield Infrastructure	1.00%	3.88%
REITS	1.00%	5.66%
Equity Options	2.00%	6.04%
EMD (50/50 Blend)	2.00%	2.28%
Liquid Credit	2.80%	3.88%
Private Credit	3.20%	3.88%
Sub-total	12.00%	
STABILITY		
Crisis Protection Class		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	10.00%	
Inflation Protection		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	8.00%	
Volatility Protection		
IG Corp Credit	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	15.00%	
Total	100.00%	

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

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

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

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension (Asset) Liability</i>
Balances as of June 30, 2019	\$15,884,862	\$15,794,003	\$90,859
Changes for the Year:			
Service cost	360,493	-	360,493
Interest on the total pension liability	1,089,112	-	1,089,112
Changes in benefits	-	-	-
Difference between expected and actual experience	142,605	-	142,605
Changes in assumptions	(237,995)	-	(237,995)
Employer contributions	-	205,452	(205,452)
Employee contributions	-	98,769	(98,769)
Net investment income	-	570,995	(570,995)
Benefit payments, including employee refunds	(1,012,744)	(1,012,744)	-
Administrative expense	-	(15,732)	15,732
Other changes	-	(425)	425
Net changes	341,471	(153,685)	495,156
Balances as of June 30, 2020	\$16,226,333	\$15,640,318	\$586,015

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2019	\$14,162,321	\$10,338,881	\$3,823,440
Changes for the Year:			
Service cost	385,575	-	385,575
Interest on the total pension liability	978,166	-	978,166
Changes in benefits	-	-	-
Difference between expected and actual experience	(393,248)	-	(393,248)
Changes in assumptions	79,421	-	79,421
Employer contributions	-	457,315	(457,315)
Employee contributions	-	193,369	(193,369)
Net investment income	-	387,108	(387,108)
Benefit payments, including employee refunds	(762,604)	(762,604)	-
Administrative expense	-	(10,666)	10,666
Other changes	-	-	-
Net changes	287,310	264,522	22,788
Balances as of June 30, 2020	\$14,449,631	\$10,603,403	\$3,846,228

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

<i>Plan</i>	<i>Current Discount Rate</i>		
	<i>1.00% Decrease (6.0%)</i>	<i>Rate (7.0%)</i>	<i>1.00 Increase (8.0%)</i>
General Employees	\$2,057,211	\$586,015	\$(1,189,255)
Police Officers	\$5,143,685	\$3,846,228	\$2,280,580

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, 2021 the Town recognized pension expense as follows: general employees plan - \$750,653; and police officers plan - \$556,269. 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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JUNE 30, 2021

	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
<i>Deferred outflows of resources:</i>		
Contributions subsequent to the measurement date	\$228,460	\$498,154
Assumption changes	1,931	433,020
Difference between expected and actual experience	146,578	2,462
Net difference between projected and actual actual investment earnings	288,481	185,957
Total	\$665,450	\$1,119,593
 <i>Deferred inflows of resources:</i>		
Assumption changes	\$182,986	\$14,003
Difference between expected and actual experience	93,396	635,077
Total	\$276,382	\$649,080

The deferred outflows of resources related to pensions resulting from the Town contributions in fiscal year 2021 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<i>Net Deferred Outflows/(Inflows) of Resources</i>	
<i>Year Ending June 30</i>	<i>General Employees Plan</i>	<i>Police Officers Plan</i>
2022	\$(103,093)	\$(38,251)
2023	68,739	34,655
2024	100,315	57,549
2025	94,647	62,102
2026	-	(51,383)
Thereafter	-	(92,313)

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 \$43,054 for the fiscal year ended June 30, 2021.

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

D. AGGREGATE PENSION AMOUNTS REPORTED IN THE FINANCIAL STATEMENTS

	<i>Deferred Outflows of Resources – Pension Amounts</i>	<i>Deferred Inflows of Resources – Pension Amounts</i>	<i>Net Pension Asset</i>	<i>Net Pension Liability</i>	<i>Pension Expense</i>
Employees' Retirement System Plan	\$4,551,541	\$1,988,399	\$ -	\$21,927,691	\$3,733,538
Teachers' Survivor Benefits Plan	825,551	912,568	2,997,871	-	(77,247)
General Employees Plan	665,450	276,382	-	586,015	750,653
Police Officers Plan	1,119,593	649,080	-	3,846,228	556,269
Total	<u>\$7,162,135</u>	<u>\$3,826,429</u>	<u>\$2,997,871</u>	<u>\$26,359,934</u>	<u>\$4,963,213</u>

NOTE 17 – OPERATING LEASES

The Town leases certain equipment under noncancellable operating leases expiring in September 2023. At June 30, 2021, future minimum lease payments are as follows:

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JUNE 30, 2021

Year Ending June 30,

2022	\$22,976
2023	11,778
2024	2,945
	\$37,699

Rental expenditures for operating leases for the year ended June 30, 2021 totaled \$29,669.

NOTE 18 – TAX ABATEMENTS

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

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

The Town had two taxpayers participating in the tax stabilization program in fiscal year 2021.

<u>Effective Date</u>	<u>Term</u>	<u>Tangible Property Abatement Granted Fiscal Year 2021</u>
12/1/2014	20 years	\$56,994
12/31/2016	20 years	\$88,044

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

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. These agreements did not result in any abatements granted in fiscal year 2021.

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

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

and/or personal property used for manufacturing or commercial purposes or to determine a stabilized amount of taxes to be paid on such property, notwithstanding the valuation or the rate of tax. Applications shall be filed with the Town Administrator. The Town Council shall conduct a public hearing and after the public hearing make a determination to grant or deny the tax exemption or stabilization. The granting of the exemption or stabilization will inure to the benefit of the Town by reason of:

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

The Town has one taxpayer participating in the tax stabilization program. A five-year tax stabilization agreement for tangible property was granted on March 19, 2018 and became effective with the fiscal year 2020 tax bill. The tangible property abatement granted in fiscal year 2021 was \$22,513.

NOTE 19 - RESTATEMENTS

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

	<i>Governmental Activities</i>	<i>Governmental Funds School Unrestricted Fund</i>	<i>Governmental Funds Other Nonmajor Governmental Funds</i>
Net position/fund balance, June 30, 2020, as previously reported	\$ 14,820,561	\$ 1,153,594	\$ 4,687,781
Adoption of GASB Statement No. 84: Agency funds reclassified to governmental funds based on implementation of GASB Statement No. 84	226,654	60,849	165,805
<i>Net position/fund balance, June 30, 2020, as restated</i>	<u>\$ 15,047,215</u>	<u>\$ 1,214,443</u>	<u>\$ 4,853,586</u>

NOTE 20 – UNCERTAINTIES

The United States and State of Rhode Island declared a State of Emergency in March 2020 due to the global Coronavirus Disease (COVID-19) pandemic. In the weeks and months following the declaration, precautionary measures to slow the spread of the virus were ordered that have affected the Town’s operations in fiscal year 2021. The length of time these measures will be in place and the extent of any future financial impact to the Town are unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Schedule of Town Contributions – OPEB Plan

Schedule of Investment Returns – OPEB Plan

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

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

Schedule of Town Contributions – Pension Plans

Budgetary Comparison Schedules - General Fund & School Unrestricted Fund

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 295,920	\$ 247,948	\$ 209,996	\$ 213,275
Interest	158,362	167,014	157,289	162,163
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	93,360	(117,148)	583,511	(226,133)
Changes of assumptions	372,408	91,788	126,198	-
Benefits payments	(433,725)	(410,934)	(327,084)	(298,581)
Net change in total OPEB liability	<u>486,325</u>	<u>(21,332)</u>	<u>749,910</u>	<u>(149,276)</u>
Total OPEB liability - beginning	<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>\$ 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	\$ 724,385	\$ 660,934	\$ 527,084	\$ 804,219
Net investment income	267,617	54,559	42,550	3,403
Benefits payments	(433,725)	(410,934)	(327,084)	(298,581)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	<u>558,277</u>	<u>304,559</u>	<u>242,550</u>	<u>509,041</u>
Plan fiduciary net position - beginning	<u>1,056,150</u>	<u>751,591</u>	<u>509,041</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<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>\$ 5,042,212</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	24.25%	17.12%	12.14%	9.35%
Covered employee payroll	\$ 4,425,000	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Net OPEB liability (asset) as a percentage of covered employee payroll	113.95%	115.63%	127.10%	118.49%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 221,638	\$ 265,018	\$ 224,452	\$ 229,225
Interest	121,679	134,182	116,904	104,115
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	88,142	(688,126)	408,211	133,387
Changes of assumptions	430,860	106,899	178,652	-
Benefits payments	(61,732)	(44,179)	(39,359)	(35,769)
Net change in total OPEB liability	<u>800,587</u>	<u>(226,206)</u>	<u>888,860</u>	<u>430,958</u>
Total OPEB liability - beginning	<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><u>\$ 5,405,870</u></u>	<u><u>\$ 4,605,283</u></u>	<u><u>\$ 4,831,489</u></u>	<u><u>\$ 3,942,629</u></u>
Covered employee payroll	\$ 15,966,567	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Total OPEB liability as a percentage of covered employee payroll	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 (I)
"Unaudited"

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Town OPEB Plan</u>				
Actuarially determined contribution	\$ 697,734	\$ 656,087	\$ 540,938	\$ 588,384
Contributions in relation to the actuarially determined contribution	724,385	660,934	527,084	804,219
Contribution deficiency (excess)	<u>\$ (26,651)</u>	<u>\$ (4,847)</u>	<u>\$ 13,854</u>	<u>\$ (215,835)</u>
Covered employee payroll	\$ 4,425,000	\$ 4,422,886	\$ 4,280,154	\$ 4,162,840
Contributions as a percentage of covered employee payroll	16.37%	14.94%	12.31%	19.32%
<u>School OPEB Plan</u>				
Actuarially determined contribution	\$ 521,537	\$ 583,498	\$ 488,969	\$ 464,828
Contributions in relation to the actuarially determined contribution	61,732	44,179	39,359	35,769
Contribution deficiency (excess)	<u>\$ 459,805</u>	<u>\$ 539,319</u>	<u>\$ 449,610</u>	<u>\$ 429,059</u>
Covered employee payroll	\$ 15,966,567	\$ 15,640,624	\$ 15,808,069	\$ 15,595,383
Contributions as a percentage of covered employee payroll	0.39%	0.28%	0.25%	0.23%

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

<i>Fiscal Year</i>	<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	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.68631146%	0.69785462%	0.70081983%	0.64346444%	0.69273594%	0.68486334%	0.70243536%
Town's proportionate share of the net pension liability	\$ 21,927,691	\$ 22,266,927	\$ 22,266,785	\$ 20,295,425	\$ 20,668,314	\$ 18,854,306	\$ 17,097,279
State's proportionate share of the net pension liability associated with the Town	<u>16,292,812</u>	<u>16,680,234</u>	<u>16,609,422</u>	<u>15,338,465</u>	<u>14,154,760</u>	<u>12,880,670</u>	<u>11,724,392</u>
Total	<u>\$ 38,220,503</u>	<u>\$ 38,947,161</u>	<u>\$ 38,876,207</u>	<u>\$ 35,633,890</u>	<u>\$ 34,823,074</u>	<u>\$ 31,734,976</u>	<u>\$ 28,821,671</u>
Town's covered payroll	\$ 12,927,974	\$ 12,952,332	\$ 12,649,393	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension liability as a percentage of its covered payroll	169.61%	171.91%	176.03%	168.21%	172.94%	161.51%	144.38%
Plan fiduciary net position as a percentage of the total pension liability	54.30%	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	2.52423504%	2.62114869%	2.63602381%	2.53880669%	2.67548651%	2.71030550%	2.69832872%
Town's proportionate share of the net pension asset	\$ 2,997,871	\$ 2,973,584	\$ 2,352,105	\$ 2,100,264	\$ 2,664,032	\$ 2,530,222	\$ 3,354,582
Town's covered payroll	\$ 12,721,083	\$ 12,763,683	\$ 12,527,696	\$ 12,065,776	\$ 11,951,207	\$ 11,674,039	\$ 11,842,195
Town's proportionate share of the net pension asset as a percentage of its covered payroll	23.57%	23.30%	18.78%	17.41%	22.29%	21.67%	28.33%
Plan fiduciary net position as a percentage of the total pension liability	153.10%	150.20%	137.40%	136.10%	137.00%	146.60%	173.30%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:							
Service cost	\$ 360,493	\$ 370,138	\$ 361,872	\$ 338,709	\$ 320,223	\$ 313,382	\$ 323,197
Interest	1,089,112	1,052,631	1,040,601	976,100	965,788	940,220	906,468
Changes of benefit terms	-	-	-	-	-	248,558	-
Differences between expected and actual experience	142,605	65,207	(327,828)	749,911	(211,249)	(287,684)	-
Changes of assumptions	(237,995)	-	-	711,147	-	-	29,011
Benefits payments, including refunds of member contributions	(1,012,744)	(911,268)	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Net change in total pension liability	<u>341,471</u>	<u>576,708</u>	<u>172,080</u>	<u>1,805,644</u>	<u>151,970</u>	<u>383,306</u>	<u>482,354</u>
Total pension liability - beginning	<u>15,884,862</u>	<u>15,308,154</u>	<u>15,136,074</u>	<u>13,330,430</u>	<u>13,178,460</u>	<u>12,795,154</u>	<u>12,312,800</u>
Total pension liability - ending (a)	<u>\$ 16,226,333</u>	<u>\$ 15,884,862</u>	<u>\$ 15,308,154</u>	<u>\$ 15,136,074</u>	<u>\$ 13,330,430</u>	<u>\$ 13,178,460</u>	<u>\$ 12,795,154</u>
Plan fiduciary net position:							
Contributions - employer	\$ 205,452	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160	\$ 193,061
Contributions - employee	98,769	107,390	104,875	99,685	93,355	65,426	77,177
Net investment income	570,995	977,938	1,152,455	1,575,569	(4,755)	325,291	1,880,372
Benefits payments, including refunds of member contributions	(1,012,744)	(911,268)	(902,565)	(970,223)	(922,792)	(831,170)	(776,322)
Administrative expense	(15,732)	(15,283)	(15,342)	(14,885)	(12,792)	(13,127)	(11,775)
Other	(425)	(3,123)	39,176	214,436	437,862	13,836	(104,407)
Net change in plan fiduciary net position	<u>(153,685)</u>	<u>392,627</u>	<u>565,030</u>	<u>1,136,646</u>	<u>(180,804)</u>	<u>(237,584)</u>	<u>1,258,106</u>
Plan fiduciary net position - beginning	<u>15,794,003</u>	<u>15,401,376</u>	<u>14,836,346</u>	<u>13,699,700</u>	<u>13,880,504</u>	<u>14,118,088</u>	<u>12,859,982</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,640,318</u>	<u>\$ 15,794,003</u>	<u>\$ 15,401,376</u>	<u>\$ 14,836,346</u>	<u>\$ 13,699,700</u>	<u>\$ 13,880,504</u>	<u>\$ 14,118,088</u>
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 586,015</u>	<u>\$ 90,859</u>	<u>\$ (93,222)</u>	<u>\$ 299,728</u>	<u>\$ (369,270)</u>	<u>\$ (702,044)</u>	<u>\$ (1,322,934)</u>
Plan fiduciary net position as a percentage of the total pension liability	96.39%	99.43%	100.61%	98.02%	102.77%	105.33%	110.34%
Covered payroll	\$ 4,236,110	\$ 4,254,460	\$ 4,070,547	\$ 3,735,007	\$ 3,530,574	\$ 3,271,216	\$ 3,248,212
Net pension liability (asset) as a percentage of covered payroll	13.83%	2.14%	-2.29%	8.02%	-10.46%	-21.46%	-40.73%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:							
Service cost	\$ 385,575	\$ 361,594	\$ 329,221	\$ 304,609	\$ 293,881	\$ 257,868	\$ 234,523
Interest	978,166	951,218	926,217	909,400	878,066	808,451	783,066
Changes of benefit terms	-	-	-	-	-	451,265	-
Differences between expected and actual experience	(393,248)	(182,868)	(125,562)	(71,474)	(111,065)	9,656	-
Changes of assumptions	79,421	-	-	697,862	-	-	(61,666)
Benefits payments, including refunds of member contributions	(762,604)	(751,310)	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Net change in total pension liability	<u>287,310</u>	<u>378,634</u>	<u>303,390</u>	<u>1,174,145</u>	<u>430,201</u>	<u>923,834</u>	<u>301,076</u>
Total pension liability - beginning	<u>14,162,321</u>	<u>13,783,687</u>	<u>13,480,297</u>	<u>12,306,152</u>	<u>11,875,951</u>	<u>10,952,117</u>	<u>10,651,041</u>
Total pension liability - ending (a)	<u>\$ 14,449,631</u>	<u>\$ 14,162,321</u>	<u>\$ 13,783,687</u>	<u>\$ 13,480,297</u>	<u>\$ 12,306,152</u>	<u>\$ 11,875,951</u>	<u>\$ 10,952,117</u>
Plan fiduciary net position:							
Contributions - employer	\$ 457,315	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414	\$ 182,437
Contributions - employee	193,369	179,988	162,981	164,628	163,316	126,484	104,549
Net investment income	387,108	640,166	743,448	1,012,481	(3,040)	208,093	1,177,979
Benefits payments, including refunds of member contributions	(762,604)	(751,310)	(826,486)	(666,252)	(630,681)	(603,406)	(654,847)
Administrative expense	(10,666)	(10,004)	(9,897)	(9,566)	(8,177)	(8,485)	(7,376)
Other	-	(35,507)	(1)	(68,281)	(1)	1	(1)
Net change in plan fiduciary net position	<u>264,522</u>	<u>403,466</u>	<u>401,385</u>	<u>776,399</u>	<u>(121,893)</u>	<u>35,101</u>	<u>802,741</u>
Plan fiduciary net position - beginning	<u>10,338,881</u>	<u>9,935,415</u>	<u>9,534,030</u>	<u>8,757,631</u>	<u>8,879,524</u>	<u>8,844,423</u>	<u>8,041,682</u>
Plan fiduciary net position - ending (b)	<u>\$ 10,603,403</u>	<u>\$ 10,338,881</u>	<u>\$ 9,935,415</u>	<u>\$ 9,534,030</u>	<u>\$ 8,757,631</u>	<u>\$ 8,879,524</u>	<u>\$ 8,844,423</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 3,846,228</u>	<u>\$ 3,823,440</u>	<u>\$ 3,848,272</u>	<u>\$ 3,946,267</u>	<u>\$ 3,548,521</u>	<u>\$ 2,996,427</u>	<u>\$ 2,107,694</u>
Plan fiduciary net position as a percentage of the total pension liability	73.38%	73.00%	72.08%	70.73%	71.16%	74.77%	80.76%
Covered payroll	\$ 1,933,678	\$ 1,799,871	\$ 1,629,806	\$ 1,657,283	\$ 1,635,400	\$ 1,581,045	\$ 1,441,443
Net pension liability as a percentage of covered payroll	198.91%	212.43%	236.12%	238.12%	216.98%	189.52%	146.22%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Employees' Retirement System Plan</u>							
Actuarially determined contribution	\$ 1,897,556	\$ 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	1,897,556	1,841,002	1,757,474	1,685,417	1,515,153	1,575,318	1,506,269
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	14.68%	14.24%	13.57%	13.32%	12.56%	13.18%	12.90%
<u>Teachers' Survivor Benefit Plan</u>							
Statutorily determined contribution	\$ 18,630	\$ 18,825	\$ 19,550	\$ 19,613	\$ 14,976	\$ 17,184	\$ 16,354
Contributions in relation to the statutorily determined contribution	18,630	18,825	19,550	19,613	14,976	17,184	16,354
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	0.15%	0.15%	0.15%	0.16%	0.12%	0.14%	0.14%

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

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

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

<i>Fiscal Year</i>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Employees Plan</u>							
Actuarially determined contribution	\$ 228,460	\$ 205,452	\$ 236,973	\$ 186,431	\$ 232,064	\$ 228,318	\$ 202,160
Contributions in relation to the actuarially determined contribution	228,460	205,452	236,973	186,431	232,064	228,318	202,160
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,270,294	\$ 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	5.35%	4.85%	5.57%	4.58%	6.21%	6.47%	6.18%
<u>Police Officers Plan</u>							
Actuarially determined contribution	\$ 498,154	\$ 457,315	\$ 380,133	\$ 331,340	\$ 343,389	\$ 356,690	\$ 312,414
Contributions in relation to the actuarially determined contribution	498,154	457,315	380,133	331,340	343,389	356,690	312,414
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 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	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, 2021

	<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	\$ 35,425,724	\$ 35,425,724	\$ 35,624,657	\$ 198,933
Motor vehicle excise in lieu of tax	1,973,294	1,973,294	2,301,199	327,905
Intergovernmental and grant revenue	1,726,935	1,726,935	1,775,738	48,803
Town clerk licenses and fees	373,200	373,200	491,522	118,322
Other departmental fines and fees	246,850	246,850	730,150	483,300
Investment and interest income	90,000	90,000	20,449	(69,551)
Other revenues	443,856	443,856	433,187	(10,669)
Total revenues	<u>40,279,859</u>	<u>40,279,859</u>	<u>41,376,902</u>	<u>1,097,043</u>
Expenditures				
General Government:				
Town council	16,750	16,750	16,408	342
Probate court	8,084	8,084	7,493	591
Town solicitor	159,764	159,764	159,751	13
Municipal court	39,321	39,321	34,913	4,408
Administrator's office	130,337	130,337	132,823	(2,486)
Town clerk's office	163,534	163,534	161,320	2,214
Planning division	149,972	149,972	145,999	3,973
Board of canvassers	15,970	15,970	15,458	512
Zoning board	7,780	7,780	6,016	1,764
Personnel board	1	1	-	1
Conservation commission	500	500	150	350
Historic district commission	2,750	2,750	2,750	-
Housing authority	1	1	-	1
Economic development	500	500	500	-
Public safety commission	1	1	-	1
Budget committee	1	1	-	1
Juvenile hearing board	3,453	3,453	2,888	565
Town hall	45,245	45,245	45,156	89
Plant operations	180,850	180,850	183,726	(2,876)
Printing and advertising	16,000	16,000	15,046	954
Contingency	962,500	135,430	135,430	-
Scouter's Hall	3,275	3,275	2,318	957
N.S. Library	460,929	460,929	460,929	-
	<u>2,367,518</u>	<u>1,540,448</u>	<u>1,529,074</u>	<u>11,374</u>
Financial Administration:				
Finance department	245,330	245,330	247,515	(2,185)
Tax assessor's office	130,443	130,443	130,400	43
Tax collector's office	101,028	101,028	109,499	(8,471)
Board of tax review	1	1	-	1
Audits and computer services	184,236	184,236	180,090	4,146
Insurance	278,641	278,641	275,360	3,281
	<u>939,679</u>	<u>939,679</u>	<u>942,864</u>	<u>(3,185)</u>
Public Safety:				
Police department	3,046,200	3,046,200	3,019,372	26,828
Animal control	94,253	94,253	97,507	(3,254)
EMA	24,101	24,101	19,997	4,104
N.S. Fire and Rescue Department	3,128,149	3,128,149	3,138,217	(10,068)
Hydrant rental	52,980	52,980	53,853	(873)
Inspection division	150,199	150,199	138,328	11,871
	<u>6,495,882</u>	<u>6,495,882</u>	<u>6,467,274</u>	<u>28,608</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, 2021

	<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	84,351	84,351	84,578	(227)
Highway division	1,304,487	1,674,487	1,658,724	15,763
Parks and recreation division	201,672	201,672	194,048	7,624
Tree warden	51,730	51,730	51,714	16
Street lights	142,000	142,000	141,148	852
Rubbish disposal	816,832	816,832	825,202	(8,370)
	<u>2,601,072</u>	<u>2,971,072</u>	<u>2,955,414</u>	<u>15,658</u>
Fixed Charges	<u>2,581,090</u>	<u>2,731,090</u>	<u>2,731,070</u>	<u>20</u>
Debt Service:				
Principal	3,118,767	3,118,767	3,118,767	-
Interest	1,034,682	1,034,682	1,034,458	224
	<u>4,153,449</u>	<u>4,153,449</u>	<u>4,153,225</u>	<u>224</u>
Settlements	<u>-</u>	<u>-</u>	<u>47,243</u>	<u>(47,243)</u>
Grants and contributions	<u>16,826</u>	<u>21,826</u>	<u>21,826</u>	<u>-</u>
Capital Outlay:				
Town	422,824	724,894	722,573	2,321
	<u>422,824</u>	<u>724,894</u>	<u>722,573</u>	<u>2,321</u>
Total expenditures	<u>19,578,340</u>	<u>19,578,340</u>	<u>19,570,563</u>	<u>7,777</u>
Excess of revenues over expenditures before other financing uses	<u>20,701,519</u>	<u>20,701,519</u>	<u>21,806,339</u>	<u>1,104,820</u>
Other financing uses				
Transfers to other funds:				
School unrestricted fund	(20,701,519)	(20,701,519)	(20,701,519)	-
Total other financing uses	<u>(20,701,519)</u>	<u>(20,701,519)</u>	<u>(20,701,519)</u>	<u>-</u>
Net change in fund balance, budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,820</u>	<u>\$ 1,104,820</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Local appropriations	\$ 20,701,519	\$20,701,519	\$ 20,701,519	\$ -
State of Rhode Island - education aid	6,172,202	6,172,202	6,193,885	21,683
Medicaid	185,000	185,000	133,891	(51,109)
Rental Income - fields and buildings	50,000	50,000	38,825	(11,175)
Other	40,000	40,000	99,685	59,685
Total revenues	<u>27,148,721</u>	<u>27,148,721</u>	<u>27,167,805</u>	<u>19,084</u>
Expenditures				
Salaries	15,681,219	15,681,219	15,380,375	300,844
Employee benefits	5,534,485	5,534,485	5,259,771	274,714
Purchased services	4,725,058	4,691,229	3,955,056	736,173
Supplies and materials	971,151	992,316	987,348	4,968
Property and equipment	191,034	201,746	463,745	(261,999)
Other costs	45,774	47,726	48,911	(1,185)
Total expenditures	<u>27,148,721</u>	<u>27,148,721</u>	<u>26,095,206</u>	<u>1,053,515</u>
Net change in fund balance- budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,072,599</u>	<u>\$ 1,072,599</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, 2021
“Unaudited”

NOTE 1 – OPEB PLANS

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

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

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

Actuarially Determined Contributions:

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

- Actuarial cost method – Entry Age Normal
- Amortization method – Level percentage of payroll, closed
- Amortization period – 20 years
- Asset valuation method – market value
- Inflation – 3%
- Investment rate of return – 2.18% (prior valuation - 2.66%)
- Salary increases – 3%
- Mortality – RP-2006 mortality table with MP-2019 projection
- Health care cost trend rate – 8% decreasing to an ultimate rate of 5%

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2021

NOTE 2 – PENSION PLANS

The net pension liability (asset) amounts presented as of the June 30, 2021 were determined as part of actuarial valuations performed as of June 30, 2019 and rolled forward to June 30, 2020, 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 –

- 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 –

- Decreased the general inflation assumption from 2.75% to 2.50%.
- Decreased the nominal investment return assumption from 7.50% to 7.00%.
- Decreased the general wage growth assumption from 3.25% to 3.00%.
- Decreased salary increase assumptions.
- 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 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, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2021

Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision).
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- 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, 2021
“Unaudited”

NOTE 3 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

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

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$41,376,902	\$27,167,805
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.	-	1,420,652
Capital lease not reported as an other financing source for budgetary purposes, but is included for financial reporting purposes.	-	42,141
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(124,156)	-
Unbudgeted revenues are not included for budgetary purposes, but are included for financial reporting purposes.	806,313	103,528
<i>Total revenues and other financing sources as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$42,059,059</u>	<u>\$28,734,126</u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2021
“Unaudited”

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual amounts (budgetary basis)	\$40,272,082	\$26,095,206
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.	(1,446,443)	-
Unbudgeted expenditures are not included for budgetary purposes, but are included for financial reporting purposes.	1,300,223	93,527
Equipment acquired by a capital lease not included for budgetary purposes, but is included for financial reporting purposes.	-	42,141
Restoration of fund balance is a budgetary expenditure, but is not an expenditure for financial reporting purposes.	(100,000)	-
Insurance co-pays are reported as revenues for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.	(124,156)	-
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.	-	1,420,652
<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>\$39,901,706</u></u>	<u><u>\$27,651,526</u></u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds						
	School Restricted Fund	Governor's Justice Commission Fund	Project D.A.R.E. Fund	Business Revolving Loan Fund	CDBG Fund	Police Forfeiture Funds	Dattco Fund
ASSETS							
Cash and cash equivalents	\$ 187,011	\$ -	\$ -	\$ 56,767	\$ 9,791	\$ -	\$ -
Due from federal and state governments	433,258	-	-	-	-	-	-
Other receivables	-	-	-	-	15,022	-	-
Due from other funds	203,044	8,051	278	-	-	-	8,797
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 823,313	\$ 8,051	\$ 278	\$ 56,767	\$ 24,813	\$ -	\$ 8,797
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 49,058	\$ 236	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	345,359	-	-	-	-	-	-
Total liabilities	394,417	236	-	-	-	-	-
Deferred Inflows of Resources:							
Other deferred revenues	-	-	-	-	15,022	-	-
Total deferred inflows of resources	-	-	-	-	15,022	-	-
Fund balances							
Nonspendable:							
Prepaid expenditures	-	-	-	-	-	-	-
Restricted for:							
Education programs	241,885	-	-	-	-	-	-
Public safety programs	-	7,815	278	-	-	-	-
Historical records preservation	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other programs	187,011	-	-	56,767	9,791	-	8,797
Committed for:							
Public safety programs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	428,896	7,815	278	56,767	9,791	-	8,797
Total liabilities, deferred inflows of resources, and fund balances	\$ 823,313	\$ 8,051	\$ 278	\$ 56,767	\$ 24,813	\$ -	\$ 8,797

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	<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	\$ 563,422	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-
Other receivables	-	-	12,110	-	-	-
Due from other funds	-	65,850	56,763	13,445	5,464	5,226
Prepaid expenditures	550,854	-	-	-	-	-
Total assets	\$ 1,114,276	\$ 65,850	\$ 68,873	\$ 13,445	\$ 5,464	\$ 5,226
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 1,571	\$ 1,222	\$ 55	\$ 14	\$ -	\$ -
Due to other funds	18,342	-	-	-	-	-
Total liabilities	19,913	1,222	55	14	-	-
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Nonspendable:						
Prepaid expenditures	550,854	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Public safety programs	543,509	-	-	-	-	-
Historical records preservation	-	64,628	-	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	13,431	5,464	5,226
Committed for:						
Public safety programs	-	-	68,818	-	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	1,094,363	64,628	68,818	13,431	5,464	5,226
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,114,276	\$ 65,850	\$ 68,873	\$ 13,445	\$ 5,464	\$ 5,226

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue Funds</u>		<u>Total Special Revenue Funds</u>	<u>Capital Project Funds</u>	
	<u>EMA Grants</u>	<u>Adopt- A-Spot Fund</u>		<u>Town Building Bond</u>	<u>School Building Bond</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 816,991	\$ 1,348,125	\$ 401,195
Due from federal and state governments	-	-	433,258	-	-
Other receivables	-	-	27,132	-	-
Due from other funds	31,226	9,066	407,210	-	-
Prepaid expenditures	-	-	550,854	-	-
Total assets	<u>\$ 31,226</u>	<u>\$ 9,066</u>	<u>\$ 2,235,445</u>	<u>\$ 1,348,125</u>	<u>\$ 401,195</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 52,156	\$ 26,100	\$ -
Due to other funds	-	-	363,701	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>415,857</u>	<u>26,100</u>	<u>-</u>
Deferred Inflows of Resources:					
Other deferred revenues	-	-	15,022	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>15,022</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable:					
Prepaid expenditures	-	-	550,854	-	-
Restricted for:					
Education programs	-	-	241,885	-	-
Public safety programs	31,226	-	582,828	-	-
Historical records preservation	-	-	64,628	-	-
Capital projects	-	-	-	1,322,025	401,195
Other programs	-	9,066	295,553	-	-
Committed for:					
Public safety programs	-	-	68,818	-	-
Capital projects	-	-	-	-	-
Total fund balances	<u>31,226</u>	<u>9,066</u>	<u>1,804,566</u>	<u>1,322,025</u>	<u>401,195</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,226</u>	<u>\$ 9,066</u>	<u>\$ 2,235,445</u>	<u>\$ 1,348,125</u>	<u>\$ 401,195</u>

(Continued)

TOWN OF NORTH SMITHFIELD RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,749,320	\$ 2,566,311
Due from federal and state governments	-	-	-	-	-	433,258
Other receivables	-	-	-	-	-	27,132
Due from other funds	88,639	-	-	473,189	561,828	969,038
Prepaid expenditures	-	-	-	-	-	550,854
Total assets	\$ 88,639	\$ -	\$ -	\$ 473,189	\$ 2,311,148	\$ 4,546,593
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 7,229	\$ 33,329	\$ 85,485
Due to other funds	-	-	-	-	-	363,701
Total liabilities	-	-	-	7,229	33,329	449,186
Deferred Inflows of Resources:						
Other deferred revenues	-	-	-	-	-	15,022
Total deferred inflows of resources	-	-	-	-	-	15,022
Fund balances						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	550,854
Restricted for:						
Education programs	-	-	-	-	-	241,885
Public safety programs	-	-	-	-	-	582,828
Historical records preservation	-	-	-	-	-	64,628
Capital projects	88,639	-	-	-	1,811,859	1,811,859
Other programs	-	-	-	-	-	295,553
Committed for:						
Public safety programs	-	-	-	-	-	68,818
Capital projects	-	-	-	465,960	465,960	465,960
Total fund balances	88,639	-	-	465,960	2,277,819	4,082,385
Total liabilities, deferred inflows of resources, and fund balances	\$ 88,639	\$ -	\$ -	\$ 473,189	\$ 2,311,148	\$ 4,546,593

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, 2021

	<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>Police Forfeiture Funds</i>	<i>Dattco Fund</i>
Revenues							
Intergovernmental and grant revenue	\$ 1,647,967	\$ 3,750	\$ -	\$ -	\$ 5,000	\$ -	\$ -
Other departmental fees	-	-	-	-	-	-	3,000
Investment and interest income	-	-	-	195	81	-	-
Other revenue	117,829	-	-	-	-	-	-
Total revenues	<u>1,765,796</u>	<u>3,750</u>	<u>-</u>	<u>195</u>	<u>5,081</u>	<u>-</u>	<u>3,000</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	3,302	-	-	-	3,556	-
Public works	-	-	-	-	-	-	-
Education	1,653,673	-	-	-	-	-	-
Other	-	-	-	-	18,761	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>1,653,673</u>	<u>3,302</u>	<u>-</u>	<u>-</u>	<u>18,761</u>	<u>3,556</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>112,123</u>	<u>448</u>	<u>-</u>	<u>195</u>	<u>(13,680)</u>	<u>(3,556)</u>	<u>3,000</u>
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	112,123	448	-	195	(13,680)	(3,556)	3,000
Fund balances - beginning of year, restated	<u>316,773</u>	<u>7,367</u>	<u>278</u>	<u>56,572</u>	<u>23,471</u>	<u>3,556</u>	<u>5,797</u>
Fund balances - end of year	<u>\$ 428,896</u>	<u>\$ 7,815</u>	<u>\$ 278</u>	<u>\$ 56,767</u>	<u>\$ 9,791</u>	<u>\$ -</u>	<u>\$ 8,797</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, 2021

	<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	-	34,055	66,055	5,179	-	-
Investment and interest income	1,301	-	-	-	-	-
Other revenue	524,294	-	-	-	2,000	5,435
Total revenues	<u>525,595</u>	<u>34,055</u>	<u>66,055</u>	<u>5,179</u>	<u>2,000</u>	<u>5,435</u>
Expenditures						
Current:						
General government	-	35,567	-	-	-	-
Public safety	67,353	-	9,982	-	-	-
Public works	-	-	-	2,779	-	-
Education	-	-	-	-	-	-
Other	-	-	-	-	-	3,496
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>67,353</u>	<u>35,567</u>	<u>9,982</u>	<u>2,779</u>	<u>-</u>	<u>3,496</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>458,242</u>	<u>(1,512)</u>	<u>56,073</u>	<u>2,400</u>	<u>2,000</u>	<u>1,939</u>
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	458,242	(1,512)	56,073	2,400	2,000	1,939
Fund balances - beginning of year, restated	<u>636,121</u>	<u>66,140</u>	<u>12,745</u>	<u>11,031</u>	<u>3,464</u>	<u>3,287</u>
Fund balances - end of year	<u>\$ 1,094,363</u>	<u>\$ 64,628</u>	<u>\$ 68,818</u>	<u>\$ 13,431</u>	<u>\$ 5,464</u>	<u>\$ 5,226</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, 2021

	<i>Special Revenue Funds</i>		<i>Total Special Revenue Funds</i>	<i>Capital Project Funds</i>	
	<i>EMA Grants</i>	<i>Adopt- A-Spot Fund</i>		<i>Town Building Bond</i>	<i>School Building Bond</i>
Revenues					
Intergovernmental and grant revenue	\$ 37,588	\$ -	\$ 1,694,305	\$ -	\$ -
Other departmental fees	-	-	108,289	-	-
Investment and interest income	-	-	1,577	7,513	2,401
Other revenue	-	3,750	653,308	-	-
Total revenues	37,588	3,750	2,457,479	7,513	2,401
Expenditures					
Current:					
General government	-	-	35,567	-	-
Public safety	34,715	-	118,908	-	-
Public works	-	-	2,779	-	-
Education	-	-	1,653,673	-	-
Other	-	-	22,257	-	-
Capital outlay	-	-	-	265,165	647,309
Total expenditures	34,715	-	1,833,184	265,165	647,309
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,873	3,750	624,295	(257,652)	(644,908)
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	2,873	3,750	624,295	(257,652)	(644,908)
Fund balances - beginning of year, restated	28,353	5,316	1,180,271	1,579,677	1,046,103
Fund balances - end of year	\$ 31,226	\$ 9,066	\$ 1,804,566	\$ 1,322,025	\$ 401,195

(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, 2021

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Capital Projects Fund</i>	<i>Renewable Energy Grant</i>	<i>Middle School Construction</i>	<i>RIDE Revolving Capital</i>		
Revenues						
Intergovernmental and grant revenue	\$ -	\$ -	\$ -	\$ 168,282	\$ 168,282	\$ 1,862,587
Other departmental fees	-	-	-	-	-	108,289
Investment and interest income	-	-	-	-	9,914	11,491
Other revenue	-	-	-	-	-	653,308
Total revenues	-	-	-	168,282	178,196	2,635,675
Expenditures						
Current:						
General government	-	-	-	-	-	35,567
Public safety	-	-	-	-	-	118,908
Public works	-	-	-	-	-	2,779
Education	-	-	-	-	-	1,653,673
Other	-	-	-	-	-	22,257
Capital outlay	-	-	-	338,969	1,251,443	1,251,443
Total expenditures	-	-	-	338,969	1,251,443	3,084,627
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	(170,687)	(1,073,247)	(448,952)
Other financing sources (uses)						
Transfers from other funds	-	-	-	20,580	20,580	20,580
Transfers to other funds	-	(322,249)	(20,580)	-	(342,829)	(342,829)
Total other financing sources (uses)	-	(322,249)	(20,580)	20,580	(322,249)	(322,249)
Net change in fund balances	-	(322,249)	(20,580)	(150,107)	(1,395,496)	(771,201)
Fund balances - beginning of year, restated	88,639	322,249	20,580	616,067	3,673,315	4,853,586
Fund balances - end of year	\$ 88,639	\$ -	\$ -	\$ 465,960	\$ 2,277,819	\$ 4,082,385

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ending June 30, 2021

Real Estate and Personal Property Taxes

<i>Year</i>	<i>Balance June 30, 2020</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, 2021</i>
2021	\$ -	\$ 35,488,750	\$ 156,065	\$ (201,036)	\$ 35,443,779	\$ 34,634,001	\$ 809,778
2020	725,597	-	150	55,347	781,094	531,094	250,000
2019	153,226	-	-	(58,236)	94,990	(15,777)	110,767
2018	91,016	-	10	2,565	93,591	14,985	78,606
2017	100,823	-	10	(1,902)	98,931	8,143	90,788
2016	106,323	-	-	(1,223)	105,100	6,316	98,784
2015	148,558	-	-	(1,619)	146,939	4,515	142,424
2014	165,476	-	-	(2,132)	163,344	5,927	157,417
2013	136,054	-	-	(460)	135,594	4,492	131,102
2012	109,696	-	-	(665)	109,031	5,908	103,123
2011	104,596	-	-	(395)	104,201	2,071	102,130
2010	68,479	-	-	(715)	67,764	1,064	66,700
2009	67,607	-	-	177	67,784	736	67,048
2008	51,220	-	-	-	51,220	703	50,517
2007	29,210	-	-	-	29,210	707	28,503
2006	28,344	-	-	-	28,344	-	28,344
2005	24,904	-	-	-	24,904	-	24,904
2004	25,010	-	-	-	25,010	6	25,004
2003	-	-	-	-	-	-	-
2002 and prior	413	-	-	-	413	-	413
	<u>\$ 2,136,552</u>	<u>\$ 35,488,750</u>	<u>\$ 156,235</u>	<u>\$ (210,294)</u>	<u>\$ 37,571,243</u>	<u>\$ 35,204,891</u>	<u>2,366,352</u>

Allowance for Uncollectible Accounts (893,309)
Net Property Tax Receivable \$ 1,473,043

Schedule of Most Recent Net Assessed Property Value by Category

<i>Description of Property</i>	<i>Valuation</i>	<i>Levy</i>
Real property - residential	\$ 1,267,964,500	\$ 20,667,821
Real property - commercial	336,559,180	6,524,536
Real property - FFOS	32,916,580	536,540
Real property - frozen	7,424,760	88,313
Motor vehicles	105,981,926	3,709,367
Tangible personal property	138,121,250	6,017,528
Total	<u>1,888,968,196</u>	<u>37,544,107</u>
Exemptions	79,090,156	2,055,357
Net assessed value	<u>\$ 1,809,878,040</u>	<u>\$ 35,488,750</u>

Reconciliation of Current Year Property Tax Revenue

Current year collections	\$ 35,204,891
Add: Revenue collected 60 days subsequent to fiscal year ending June 30, 2021	383,336
Less: Revenue collected 60 days subsequent to fiscal year ending June 30, 2020	<u>(194,985)</u>
Current year property tax revenue	<u>\$ 35,393,242</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report (Continued)
For the Fiscal Year Ending June 30, 2021

Fiscal Year 2021 Cash Collection Summary

<u>Year</u>	<u>July - August 2020 Collections Subject to 60 day FY 20 Accrual</u>	<u>September 2020 - June 2021 Collections</u>	<u>Total FY 2021 Cash Collections</u>	<u>July - August 2021 Collections Subject to 60 day FY 21 Accrual</u>
2021	\$ -	\$ 34,634,001	\$ 34,634,001	\$ 289,779
2020	179,896	351,198	531,094	52,182
2019	6,390	(22,167)	(15,777)	15,208
2018	770	14,215	14,985	4,916
2017	1,362	6,781	8,143	1,882
2016	1,075	5,241	6,316	1,999
2015	265	4,250	4,515	3,294
2014	1,332	4,595	5,927	1,426
2013	502	3,990	4,492	3,586
2012	1,041	4,867	5,908	5,087
2011	1,069	1,002	2,071	1,355
2010	572	492	1,064	1,221
2009	393	343	736	974
2008	318	385	703	427
2007	-	707	707	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	6	6	-
2003	-	-	-	-
2002 and prior	-	-	-	-
	<u>\$ 194,985</u>	<u>\$ 35,009,906</u>	<u>\$ 35,204,891</u>	<u>\$ 383,336</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, 2021

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 34,803,529	\$ -
Last Year's Levy Tax Collection	530,480	-
Prior Years Property Tax Collection	6,812	-
Interest & Penalty	262,195	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	619,102	-
Fines and Forfeitures	57,450	-
Investment Income	20,449	-
Departmental	477,041	-
Rescue Run Revenue	241,264	-
Police & Fire Detail	19,069	-
Other Local Non-Property Tax Revenues	275,808	-
Tuition	-	127,574
Impact Aid	-	-
Medicaid	-	133,891
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	359,909
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	900,275
COVID - ESSER	-	-
COVID - CRF	1,626,251	246,375
COVID - CDBG	-	-
COVID - FEMA	21,201	-
COVID - Other	-	-
COVID - ARPA	-	-
MV Excise Tax Reimbursement	183,264	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	79,629	-
Library Construction Aid	-	-
Public Service Corporation Tax	153,803	-
Meals & Beverage Tax / Hotel Tax	327,908	-
LEA Aid	-	6,193,885
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	1,208,631	-
State Food Service Revenue	-	5,767
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	35,767	135,640
Motor Vehicle Phase Out	491,684	-
Other Revenue	295,472	232,294
Local Appropriation for Education	-	20,701,519
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 41,736,810	\$ 29,037,129
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	322,249	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 322,249	\$ -

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2021

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT					
Compensation- Group A	\$ 419,312	\$ 418,165	\$ -	\$ 2,052	\$ 278,705	\$ -	\$ 862,789	\$ 137,086	\$ 2,093,871
Compensation - Group B	-	-	-	-	-	-	-	-	28,130
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation - Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	1,769	1,072	-	-	246	-	54,169	2,871	289,450
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	58,504	93,607	-	-	46,803	-	175,513	23,402	314,294
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	11,701
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	2,976	4,761	-	-	2,380	-	8,927	1,190	16,068
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	595
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	34,981	33,954	-	157	21,321	-	71,555	10,707	184,476
Life Insurance	3,437	5,500	-	-	2,750	-	10,312	1,375	19,250
State Defined Contribution- Group A	2,637	4,115	-	-	2,481	-	7,665	783	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	450
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	13,237	-	-	-	-	-	-	-	-
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	14,106	22,016	-	-	13,276	-	40,037	4,189	484,293
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	2,405
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	138,733	34,402	5,869	33,056	8,085	-	27,697	-	61,054
Materials/Supplies	4,464	4,856	-	8,778	583	-	40,443	37,087	22,100
Software Licenses	-	-	-	46,019	4,664	-	-	-	28,112
Capital Outlays	489,410	33,017	-	-	-	-	396,863	-	354,878
Insurance	275,844	-	-	-	-	-	-	-	-
Maintenance	4,491	3,368	-	-	3,368	-	38,215	14,001	-
Vehicle Operations	2,862	27	-	-	319	-	95,346	9,192	90,262
Utilities	69,648	16,862	-	-	17,254	-	22,022	6,577	26,012
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	126,348	-	-
Revaluation	-	16,063	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	7,015	-	-
Trash Removal & Recycling	-	-	-	-	-	-	632,832	-	-
Claims & Settlements	47,243	-	-	-	-	-	-	-	-
Community Support	19,826	-	-	-	-	-	-	-	-
Other Operation Expenditures	68,925	33,463	-	13	728	460,929	136,019	100	136,469
Tipping Fees	-	-	-	-	-	-	182,079	-	-
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	\$ 1,672,405	\$ 725,247	\$ 5,869	\$ 90,075	\$ 402,965	\$ 460,929	\$ 2,935,845	\$ 248,560	\$ 4,163,870

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2021

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 201,463	\$ 97,101	\$ -	\$ -	\$ -	\$ 4,510,543	\$ 12,236,950
Compensation - Group B	-	-	-	-	-	-	28,130	1,474,137
Compensation - Group C	-	-	-	-	-	-	-	2,231,774
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	23,397	7,474	-	-	-	380,448	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	17,518
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	23,402	11,701	-	-	-	747,225	1,400,897
Active Medical Insurance- Group B	-	-	-	-	-	-	11,701	175,530
Active Medical Insurance- Group C	-	-	-	-	-	-	-	567,459
Active Dental insurance- Group A	-	1,190	595	-	-	-	38,087	109,369
Active Dental Insurance- Group B	-	-	-	-	-	-	595	10,792
Active Dental Insurance- Group C	-	-	-	-	-	-	-	32,620
Payroll Taxes	-	17,202	8,161	-	-	-	382,512	421,002
Life Insurance	-	1,375	687	-	-	-	44,687	62,701
State Defined Contribution- Group A	-	1,385	1,157	-	-	-	20,223	302,612
State Defined Contribution - Group B	-	-	-	-	-	-	450	24,974
State Defined Contribution - Group C	-	-	-	-	-	-	-	18,813
Other Benefits- Group A	-	-	43,304	-	-	-	56,541	108,155
Other Benefits- Group B	-	-	-	-	-	-	-	66,065
Other Benefits- Group C	-	-	-	-	-	-	-	115,719
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	7,410	2,921	-	-	-	588,247	1,717,595
State Defined Benefit Pension - Group B	-	-	-	-	-	-	2,405	189,406
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	103,226
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	-	308,896	3,987,651
Materials/Supplies	6,881	-	13,584	-	-	-	138,777	552,315
Software Licenses	-	-	-	-	-	-	78,796	117,722
Capital Outlays	31,000	-	11,993	-	-	-	1,317,160	482,358
Insurance	-	-	-	-	-	-	275,844	151,052
Maintenance	-	-	1,865	-	-	-	65,307	231,765
Vehicle Operations	53,583	-	5,837	-	-	-	257,430	35,447
Utilities	8,485	-	5,333	-	-	-	172,192	606,647
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	126,348	-
Revaluation	-	-	-	-	-	-	16,063	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	7,015	-
Trash Removal & Recycling	-	-	-	-	-	-	632,832	-
Claims & Settlements	-	-	-	-	-	-	47,243	-
Community Support	-	-	-	-	-	-	19,826	-
Other Operation Expenditures	3,076,149	-	5,254	-	-	-	3,918,049	233,402
Tipping Fees	-	-	-	-	-	-	182,079	-
Local Appropriation for Education	-	-	-	20,701,519	-	-	20,701,519	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	780,000	-	780,000	-
Municipal Debt- Interest	-	-	-	-	128,590	-	128,590	-
School Debt- Principal	-	-	-	-	2,338,767	-	2,338,767	-
School Debt- Interest	-	-	-	-	905,868	-	905,868	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	52,988
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	3,744
OPEB Contribution- Total	-	-	-	-	-	591,522	591,522	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,176,098	\$ 276,824	\$ 216,966	\$ 20,701,519	\$ 4,153,225	\$ 591,522	\$ 39,821,919	\$ 27,842,406

Financing Uses: Transfer to Capital Funds	\$ -	\$ -
Financing Uses: Transfer to Other Funds	79,787	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 79,787	\$ -
Net Change in Fund Balance¹	2,157,353	1,194,724
Fund Balance¹- beginning of year	\$8,741,185	\$1,304,562
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	226,654
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	8,741,185	1,531,216
Rounding	(1)	-
Fund Balance¹ - end of year	\$ 10,898,537	\$ 2,725,940

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, 2021

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, 2020						\$ 8,741,185	-	\$ 8,741,185	
<i>No funds removed from RGS for fiscal 2020</i>						-	-	-	
<i>No funds added to RGS for Fiscal 2020</i>						-	-	-	
<i>No misc. adjustments made for fiscal 2020</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2021 adjusted						<u>\$ 8,741,185</u>	<u>-</u>	<u>\$ 8,741,185</u>	
General Fund	\$ 41,736,810	\$ 322,249	\$ 19,120,400	\$ 20,781,306	\$ 2,157,353	\$ 8,741,185	\$ -	\$ 8,741,185	\$ 10,898,537
Totals per audited financial statements	<u>\$ 41,736,810</u>	<u>\$ 322,249</u>	<u>\$ 19,120,400</u>	<u>\$ 20,781,306</u>	<u>\$ 2,157,353</u>	<u>\$ 8,741,185</u>	<u>\$ -</u>	<u>\$ 8,741,185</u>	<u>\$ 10,898,537</u>
<u>Reconciliation from financial statements to MTP2</u>									
School appropriation to education reflected in financing use in audit but reflected as expenditure in MTP-2	\$ -	\$ -	\$ 20,701,519.00	\$ (20,701,519.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 41,736,810</u>	<u>\$ 322,249</u>	<u>\$ 39,821,919</u>	<u>\$ 79,787</u>	<u>\$ 2,157,353</u>	<u>\$ 8,741,185</u>	<u>\$ -</u>	<u>\$ 8,741,185</u>	<u>\$ 10,898,537</u>

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

Town of North Smithfield
Annual Supplemental Transparency Report (MTP2)
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2021

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, 2020						\$ 1,304,562	226,654	\$ 1,531,216	
<i>No misc. adjustments made for fiscal 2020</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2021 adjusted						<u>\$ 1,304,562</u>	<u>226,654</u>	<u>\$ 1,531,216</u>	
School Unrestricted Fund	\$ 7,990,466	\$ 20,743,660	\$ 27,651,526	\$ -	\$ 1,082,600	\$ 1,153,594	\$ 60,849	\$ 1,214,443	\$ 2,297,043
Food Service Special Revenue Fund1	381,066	-	296,586	-	84,480	106,081	-	106,081	190,561
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	1,384,730	-	1,357,087	-	27,643	44,887	165,805	210,692	238,335
Totals per audited financial statements	<u>\$ 9,756,262</u>	<u>\$ 20,743,660</u>	<u>\$ 29,305,199</u>	<u>\$ -</u>	<u>\$ 1,194,723</u>	<u>\$ 1,304,562</u>	<u>\$ 226,654</u>	<u>\$ 1,531,216</u>	<u>\$ 2,725,939</u>
<u>Reconciliation from financial statements to MTP2</u>									
Capital Lease	\$ -	\$ (42,141)	\$ (42,141)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Appropriation to education reflected on financing source in audit but reflected as revenue	20,701,519	(20,701,519)	-	-	-	-	-	-	-
State contributions on behalf of teacher pensions are reported as revenue and expenditures on Rounding	(1,420,652)	-	(1,420,652)	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 29,037,129</u>	<u>\$ -</u>	<u>\$ 27,842,406</u>	<u>\$ -</u>	<u>\$ 1,194,724</u>	<u>\$ 1,304,562</u>	<u>\$ 226,654</u>	<u>\$ 1,531,216</u>	<u>\$ 2,725,940</u>
<u>Reconciliation from MTP2 to UCOA</u>									
Use of fund balance reported as revenue in UCOA file	<u>\$ 40,393</u>		<u>\$ -</u>						
Totals per UCOA Validated Totals Report - Dated 12/15/2021	<u>\$ 29,077,522</u>		<u>\$ 27,842,406</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, 2021

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

NOTE 1. Basis of Presentation

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Smithfield, Rhode Island as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of North Smithfield, Rhode Island's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 30, 2021



CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of North Smithfield, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of North Smithfield, Rhode Island's major federal programs for the year ended June 30, 2021. The Town of North Smithfield, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of North Smithfield, Rhode Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Bacon & Company CPAs, LLC

Warwick, Rhode Island
December 30, 2021

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Program or Cluster</u>
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21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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- Auditee qualified as low-risk auditee? _____ yes X no

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2021

Finding: 2020-001

Status – Corrected – The Town implemented a verification process on all vendors with contracts that are equal or exceed \$25,000 to ensure that the vendor is not debarred, suspended or otherwise excluded.

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

<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	2725-13202-101	\$ 451,150
Special Education Preschool Grants	84.173A	2725-13502-101	15,519
<i>Total Special Education Cluster</i>			<u>466,669</u>
Title I Grants to Local Educational Agencies	84.010A	2725-11702-101	261,014
Supporting Effective Instruction State Grants	84.367A	2725-16402-101	51,751
Career and Technical Education - Basic Grants to States	84.048A	2725-15302-101	36,986
Comprehensive Literacy Development	84.371C	2725-22002-111	83,856
Total US Department of Education			<u>900,276</u>
US Department of Agriculture			
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
Summer Food Service Program for Children			
Cash assistance	10.559	N/A	359,909
Non-cash assistance (commodities)	10.559	N/A	32,512
<i>Total Child Nutrition Cluster</i>			<u>392,421</u>
Total US Department of Agriculture			<u>392,421</u>
US Department of Treasury			
Pass-through RI Department of Education:			
COVID-19 - Coronavirus Relief Fund - Substitute Teacher Pool and Recruitment	21.019	4672-20202-111	28,047
COVID-19 - Coronavirus Relief Fund - Supplemental Impact Education Aid	21.019	4672-20902-101	218,328
COVID-19 - Coronavirus Relief Fund - SAIL Program	21.019	N/A	30,000
Pass-through RI Department of Revenue:			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	1,626,251
			<u>1,902,626</u>
Total US Department of Treasury			<u>1,902,626</u>
US Department of Health and Human Services			
Pass-through RI Department of Health:			
COVID-19 - Public Health Emergency Preparedness - MEDS	93.069	N/A	11,126
Total US Department of Health and Human Services			<u>11,126</u>
US Department of Transportation			
Pass-through RI Department of Transportation:			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety Grant	20.600	N/A	3,302
<i>Total Highway Safety Cluster</i>			<u>3,302</u>
Total US Department of Transportation			<u>3,302</u>

(Continued)

TOWN OF NORTH SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal year Ended June 30, 2021

<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-4505-PW-00039	21,201
Emergency Management Performance Grants	97.042	N/A	6,618
Building Resilient Infrastructure and Communities	97.047	PDMC-PL-01-RI-2019-012	10,500
Homeland Security Grant Program	97.067	28-0412019HSGP	23,589
<i>Total US Department of Homeland Security</i>			<u>61,908</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	19,811
<i>Total US Department of Housing and Urban Development</i>			<u>19,811</u>
<i>US Department of Justice</i>			
<i>Direct Program:</i>			
Equitable Sharing Program	16.922	N/A	3,556
<i>Total US Department of Justice</i>			<u>3,556</u>
<i>US Environmental Protection Agency</i>			
<i>Pass-through RI Infrastructure Bank:</i>			
<i>Drinking Water State Revolving Fund Cluster:</i>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	N/A	33,653
<i>Total Drinking Water State Revolving Cluster</i>			<u>33,653</u>
<i>Total US Environmental Protection Agency</i>			<u>33,653</u>
 <i>Total Expenditures of Federal Awards</i>			 <u><u>\$3,328,679</u></u>

TOWN OF NORTH SMITHFIELD, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of North Smithfield, Rhode Island, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town of North Smithfield, Rhode Island.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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