



**Basic Financial Statements  
And Supplementary Information**

**As of and for the year ended June 30, 2021**

**Prepared by:**

**Finance Department**

# CITY OF CENTRAL FALLS

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor Maria Riveria  
And Members of the Central Falls City Council  
City of Central Falls, Rhode Island

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Central Falls, 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.

### Auditors' 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 auditors' 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, each major fund, and the aggregate remaining fund information of the City of Central Falls, Rhode Island, as of June 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of budgetary comparison information, Schedule of Changes in City's Net Pension Liability and Related Ratios, Schedule of City's Contributions and Investment Returns, Schedule of Changes in City's OPEB Liability and Related Ratios, Schedule of City's Contributions and accompanying notes on Pages 4 through 11, and Pages 63 through 81 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Central Falls, Rhode Island's financial statements. The combining and individual non-major fund statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable 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 and individual non-major fund statements, annual supplemental transparency report and accompanying notes and the schedule of property taxes receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of the City of Central Falls, Rhode Island’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Central Falls, Rhode Island’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Central Falls, Rhode Island’s internal control over financial reporting and compliance.

Handwritten signature of Marcum LLP in black ink.

Providence, Rhode Island  
March 16, 2022

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2021**

This discussion and analysis of the City of Central Falls financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. This is the City's sixteenth (17<sup>th</sup>) year reporting in accordance with the provisions of GASB Statement No. 34. Please read this document in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

#### **Financial Highlights**

The auditors' report for 2021 expresses an unmodified (i.e. "clean") opinion on the financial statements of the City of Central Falls. The City's basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the City and the notes to the financial statements.

The Government-Wide Statement of Net Position indicates that the City's total net position increased this year to a negative \$8,995,609, reflecting an increase of \$8,190,572 over FY2020.

The Government-Wide Statement of Activities indicates that the City's total general revenues of \$19,126,300 combined with additional program revenues of \$6,205,051, less program expenses of \$17,140,779, resulted in an increase of \$8,190,572 in total net position from a year ago.

The Governmental Fund Financial Statements indicate that the ending fund balance for the City's general fund was \$1,285,245, reflecting an increase of \$331,760 (after other financing sources and uses) compared to the FY2020 restated fund balance of \$953,485.

It should be noted that the 2021 financials reflect adjusted opening fund balances. For this discussion, those adjustments are reflected in the 2020 activity and balances. Adjustments were required to properly reflect revenue cutoff issues, correct interfund activity, and reflect proper balances after an extensive reconciliation review. A summary of opening fund balance adjustments can be seen in Note 14.

#### **The Financial Statements**

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

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

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

## **Overview of the Financial Statements Government-Wide Financial Statements**

### **The Statement of Net Position and the Statement of Activities**

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

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

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

#### **Governmental Activities**

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

#### **Fund Financial Statements**

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

#### **Governmental Funds**

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

#### **Proprietary Funds**

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

#### **Fiduciary Funds**

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

#### **Notes to Financial Statements**

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

#### **Other Information**

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



## Government-Wide Financial Analysis

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

As noted earlier, the total net position for the City of Central Falls has increased by \$8,190,572 over the prior year's negative balance of \$17,186,181. This is first identified in the change in net position as recorded in the Statement of Activities and then flows through the Statement of Net Position. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities and Changes in Net Assets.

### CITY OF CENTRAL FALLS' NET POSITION For the year ended June 30,

	Governmental Activities	
	2021	2020 (Restated)
<b>Assets</b>		
Current and other assets	\$ 7,250,437	\$ 8,095,346
Capital assets	<u>23,712,549</u>	<u>20,487,329</u>
<b>Total assets</b>	30,962,986	28,582,675
Deferred Outflow	7,573,236	4,249,256
<b>Liabilities</b>		
Current liabilities	3,849,244	4,690,593
Long-term liabilities	<u>39,291,871</u>	<u>37,370,915</u>
<b>Total liabilities</b>	43,141,115	42,061,508
Dererred Inflow	4,390,716	7,956,633
<b>Net Position</b>		
Net investment in capital assets	16,876,549	12,872,329
Restricted	1,264,200	1,383,182
Unrestricted	<u>(27,136,358)</u>	<u>(31,441,721)</u>
<b>Total net position</b>	<u>\$ (8,995,609)</u>	<u>\$ (17,186,210)</u>

This year the City of Central Falls continues to report positive balances in two (2) areas of net position. The increase in net investment in capital assets reflects the continued investment in roads and schools. The improvement of the negative balance in unrestricted net position is mostly attributable to the City's favorable financial activity within the pension and OPEB funds.

**CITY OF CENTRAL FALLS' CHANGES IN NET POSITION**  
**For the year ended June 30,**

	Governmental Activities	
	2021	2020 (Restated)
<b>Revenues</b>		
Program Revenues:		
Charges for service	\$ 1,789,940	\$ 1,593,917
Operating grants & contributions	1,293,692	541,247
Capital grants & contributions	3,121,419	2,317,096
General Revenues		
Property taxes	16,238,089	15,145,902
Grants & contributions (not restricted)	2,804,777	2,859,170
Other revenue	74,192	796,896
Earnings on investments	<u>9,242</u>	<u>15,197</u>
 Total revenue	 25,331,351	 23,269,425
<b>Expenses</b>		
General government	7,188,017	2,424,174
Public safety	1,635,202	7,697,631
Planning	35,630	958,026
Public works	2,453,599	2,633,208
Public education	518,817	387,712
Public recreation	1,161,466	1,243,664
Employee benefits	1,076,382	1,159,670
Retirement	2,848,670	2,570,445
Interest on debt	<u>222,996</u>	<u>347,903</u>
Total expenses	17,140,779	19,422,433
 Increase (decrease) in net position	 8,190,572	 3,846,992
 Net position, July 1 (restated)	 (17,186,181)	 (21,033,173)
 Net position, June 30	 <u><u>\$ (8,995,609)</u></u>	 <u><u>\$ (17,186,181)</u></u>

Total revenues in 2021 were \$25,331,351, which reflects an increase of \$2,061,926 as compared to the revenue in 2020. This change is primarily seen within program revenues and represents increased funding for school and bikeway construction and covid related funding.

Total expenses in 2021 were \$17,140,779, which reflects a decrease of \$2,281,654 as compared to expenses in 2020. There was increased spending in construction projects which was offset by favorable activity within the pension fund.

**Transfers**

Inter-fund transfers for the year ended June 30, 2021 totaled \$58,184 for the year.

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

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Increase (Decrease)
General Fund	\$ 1,285,245	\$ 953,485	\$ 331,760
Other Governmental	<u>860,995</u>	<u>1,728,999</u>	<u>(868,004)</u>
Total	<u>\$ 2,146,240</u>	<u>\$ 2,682,484</u>	<u>\$ (536,244)</u>

The fund balance for the City of Central Falls general fund is \$1,285,245 as of June 30, 2021. This represents an increase of \$331,760 as compared to the restated 2020 and reflects 6.8% of budgeted revenue.

	2021	2020 (Restated)	Variance	Percent Change
General Fund Revenues				
General property taxes	\$ 15,418,792	\$ 15,134,039	\$ 284,753	1.88%
Intergovernmental	2,804,777	2,859,170	(54,393)	-1.90%
Fees / Non-tax income	1,789,940	1,593,917	196,023	12.30%
Other revenues	<u>83,179</u>	<u>751,729</u>	<u>(668,550)</u>	<u>-88.93%</u>
Total	<u>\$ 20,096,688</u>	<u>\$ 20,338,855</u>	<u>\$ (242,167)</u>	<u>-1.19%</u>

Revenues from general property taxes increased by \$284,753 or 1.88%, as compared to restated 2020.

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

### General Fund Budgetary Comparison Schedule – June 30, 2021

	Adopted Budget FY21	Final Budget FY21	Actual FY21	Variance FY21
Revenue Analysis				
Tax revenue	\$ 14,796,958	\$ 14,796,958	\$ 15,504,209	\$ 707,251
Fees/Non-tax revenue	1,481,764	1,458,417	1,789,940	331,523
Intergovernmental/State	2,325,691	2,604,303	2,804,777	200,474
Other Income	<u>160,800</u>	<u>160,800</u>	<u>38,011</u>	<u>(122,789)</u>
Total	<u>\$ 18,765,213</u>	<u>\$ 19,020,478</u>	<u>\$ 20,136,937</u>	<u>\$ 1,116,459</u>
<b>Expenditure Analysis</b>				
General Government	\$ 3,071,132	\$ 3,147,230	\$ 3,376,092	\$ (228,862)
Public safety	8,248,621	8,349,573	8,465,256	(115,683)
Public works	2,129,804	2,129,804	2,116,173	13,631
Public Library	150,209	150,209	150,209	--
Public recreation/Planning	631,233	628,733	658,804	(30,071)
Municipal debt service	963,513	963,513	1,010,085	(46,572)
COVID-19	--	--	159,673	(159,673)
Reserve/Special Projects	--	116,715	--	116,715
Employee benefits	864,359	864,359	916,709	(52,350)
Retirement	<u>2,670,342</u>	<u>2,670,342</u>	<u>2,848,670</u>	<u>(178,328)</u>
Total	<u>\$ 18,765,213</u>	<u>\$ 19,020,478</u>	<u>\$ 19,701,671</u>	<u>\$ (681,193)</u>

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

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

### Debt Administration

At year end the total long-term debt for the City of Central Falls was \$40.1 million. The breakdown is as follows:

	FY2021 Amount	Percent	FY2020 Amount	Percent
General Obligation Municipal Bonds	\$ 4,580,000	11%	\$ 4,970,000	13%
RIHEBC Revenue Bonds	820,000	2%	1,145,000	3%
R.I. Infrastructure Bank	1,436,000	4%	1,500,000	4%
Net Pension Liability (NPL)	30,676,458	76%	27,665,319	72%
Net OPEB Liability (NOL)	2,278,915	6%	2,570,124	7%
Due to State	--	0%	345,884	1%
Compensated Absences	<u>339,442</u>	1%	<u>332,747</u>	1%
 Total	 <u>\$ 40,130,815</u>	 100%	 <u>\$ 38,529,074</u>	 100%

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

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

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

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

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

On May 2, 2017, Moody's upgraded the City's general obligation bond rating to Ba1 from Ba2, with a positive outlook.

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

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

### Capital Assets

The City of Central Falls has \$23,712,549 invested in capital assets, net of depreciation. Only capitalized assets with an original cost of \$5,000 or greater are included. The straight-line/unrecovered cost method was used to calculate annual depreciation.

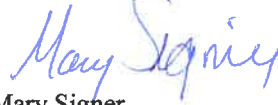
## **Independent Audit**

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

## **Acknowledgements**

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

Respectfully submitted,



Mary Signer  
Finance Director

## **FINANCIAL SECTION**

**CITY OF CENTRAL FALLS**

A - 1

**STATEMENT OF NET POSITION**

**JUNE 30, 2021**

	Governmental Activities
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 3,331,189
Due from federal and state governments	1,857,063
Property taxes receivable, net	1,531,117
Other receivables, net	203,575
Cash held in escrow - Rhode Island Infrastructure Bank	327,493
<b>Total Current Assets</b>	7,250,437
<b>Noncurrent Assets</b>	
Capital assets (non-depreciable)	6,717,197
Capital assets (net of accumulated depreciation)	16,995,352
<b>Total Noncurrent Assets</b>	23,712,549
<b>Total Assets</b>	30,962,986
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to OPEB	9,886
Deferred outflows of resources related to pensions	7,563,350
<b>Total Deferred Outflows of Resources</b>	7,573,236
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 38,536,222

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

## STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2021

	<u>Governmental Activities</u>
<b>Current Liabilities</b>	
Accounts payable	1,668,476
Accrued interest payable	82,816
Accrued expenses	88,950
Unearned revenue	1,170,058
Current portion of long-term liabilities	<u>838,944</u>
<b>Total Current Liabilities</b>	3,849,244
 <b>Noncurrent Liabilities</b>	
Net pension liability	30,676,458
Net OPEB liability	2,278,915
Long-term liabilities	<u>6,336,498</u>
<b>Total Noncurrent Liabilities</b>	<u>39,291,871</u>
 <b>Total Liabilities</b>	<u>43,141,115</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	1,847,028
Deferred inflows of resources related to pensions	<u>2,543,688</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,390,716</u>
 <b>Total Liabilities and Deferred Inflows of Resources</b>	<u><u>47,531,831</u></u>
 <b>Net Position (Deficit)</b>	
Net investment in capital assets	16,876,549
Restricted:	
Capital projects	327,493
Special revenue/grantors	936,707
Unrestricted	<u>(27,136,358)</u>
 <b>Total Net Position (Deficit)</b>	<u><u>\$ (8,995,609)</u></u>

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



## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
Governmental activities:					
General government	\$ 7,188,017	\$ 1,789,940	\$ 1,243,429	\$ 3,121,419	\$ (1,033,229)
Public safety	1,635,202	--	50,263	--	(1,584,939)
Planning	35,630	--	--	--	(35,630)
Public works	2,453,599	--	--	--	(2,453,599)
Public education	518,817	--	--	--	(518,817)
Public recreation	1,161,466	--	--	--	(1,161,466)
Employee benefits	1,076,382	--	--	--	(1,076,382)
Retirement	2,848,670	--	--	--	(2,848,670)
Debt service interest	222,996	--	--	--	(222,996)
<b>Totals</b>	<u>\$ 17,140,779</u>	<u>\$ 1,789,940</u>	<u>\$ 1,293,692</u>	<u>\$ 3,121,419</u>	<u>(10,935,728)</u>

## General Revenues:

Property taxes	16,238,089
Grants and contributions not restricted to specific programs	2,804,777
Investment earnings	9,242
Miscellaneous	74,192
<b>Total General Revenues</b>	<u>19,126,300</u>

**Change in Net Position** 8,190,572

**Net Position (Deficit) - Beginning, As Restated** (17,186,181)

**Net Position (Deficit) - Ending** \$ (8,995,609)

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,663,775	\$ 667,414	\$ 3,331,189
Due from federal and state governments	648,623	1,208,440	1,857,063
Property taxes receivable, net	1,531,117	--	1,531,117
Other receivables, net	203,575	--	203,575
Cash held in escrow - Rhode Island Infrastructure Bank	--	327,493	327,493
Due from other funds	1,460,413	2,911,261	4,371,674
<b>Total Assets</b>	<u>6,507,503</u>	<u>5,114,608</u>	<u>11,622,111</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	1,664,551	3,925	1,668,476
Accrued expenses	--	88,950	88,950
Due to other funds	1,380,994	2,990,680	4,371,674
Unearned revenue	--	1,170,058	1,170,058
<b>Total Liabilities</b>	<u>3,045,545</u>	<u>4,253,613</u>	<u>7,299,158</u>
<b>Deferred Inflows of Resources</b>			
Advance tax collections	819,297	--	819,297
Unavailable revenue - taxes	1,357,416	--	1,357,416
<b>Total Deferred Inflows of Resources</b>	<u>2,176,713</u>	<u>--</u>	<u>2,176,713</u>
<b>Fund Balance</b>			
Nonspendable	--	327,493	327,493
Restricted	--	936,707	936,707
Committed	1,285,245	--	1,285,245
Unassigned	--	(403,205)	(403,205)
<b>Total Fund Balances</b>	<u>1,285,245</u>	<u>860,995</u>	<u>2,146,240</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,507,503</u>	<u>\$ 5,114,608</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,712,549
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(40,130,815)
Unearned revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position.	2,176,713
Pension related deferred outflows less pension related deferred inflows on the statement of Net Position.	3,182,520
Accrued interest on long-term liabilities have been included in the governmental activities in the Statement of Net Position.	(82,816)
<b>Net Position of Governmental Activities (A-1)</b>	<u>\$ (8,995,609)</u>

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

**STATEMENT OF REVENUES, OTHER FINANCING SOURCES, EXPENDITURES,  
OTHER FINANCING USES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
General property taxes	\$ 15,418,792	\$ --	\$ 15,418,792
Interest and investment income	8,987	255	9,242
Intergovernmental	2,804,777	4,415,111	7,219,888
Fees/non-tax income	1,789,940	--	1,789,940
Other revenues	74,192	--	74,192
<b>Total Revenues</b>	<u>20,096,688</u>	<u>4,415,366</u>	<u>24,512,054</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	3,381,165	577,478	3,958,643
Planning	--	35,630	35,630
Public safety	8,465,256	--	8,465,256
Public works	2,116,173	--	2,116,173
Public education	150,209	--	150,209
Public recreation	658,804	84,705	743,509
Employee benefits	1,076,382	--	1,076,382
Retirement	2,848,670	--	2,848,670
<b>Debt Service:</b>			
Principal and interest	1,010,085	--	1,010,085
<b>Capital:</b>			
Capital expenditures	--	4,643,741	4,643,741
<b>Total Expenditures</b>	<u>19,706,744</u>	<u>5,341,554</u>	<u>25,048,298</u>
<b>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>	<u>389,944</u>	<u>(926,188)</u>	<u>(536,244)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	5,073	100,161	105,234
Transfers out	(63,257)	(41,977)	(105,234)
<b>Net Other Financing Sources (Uses)</b>	<u>(58,184)</u>	<u>58,184</u>	<u>--</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Financing (Uses)</b>	331,760	(868,004)	(536,244)
<b>Fund Balance - Beginning of Year, As Restated</b>	<u>953,485</u>	<u>1,728,999</u>	<u>2,682,484</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,285,245</u>	<u>\$ 860,995</u>	<u>\$ 2,146,240</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, OTHER  
FINANCING SOURCES, EXPENDITURES, OTHER FINANCING USES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL  
FUNDS (B-2) TO THE STATEMENT OF ACTIVITIES (A-2)  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Net Change in Fund Balances - Total Governmental Funds (B-2)** \$ (536,244)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposals exceeded capital outlays in the current period. 2,611,274

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences. (1,601,741)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. 6,889,897

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 827,386

**Change in Net Position of Governmental Activities in the  
Statement of Activities (A-2)** \$ 8,190,572

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

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2021

	OPEB Trust Fund	Custodial Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ --	\$ 44,142	\$ 44,142
Investments	<u>844,429</u>	<u>--</u>	<u>844,429</u>
<b>Total Assets</b>	<u>844,429</u>	<u>44,142</u>	<u>888,571</u>
<b>Net Position</b>			
Restricted for post-employment benefits and other purposes	<u>\$ 844,429</u>	<u>\$ 44,142</u>	<u>\$ 888,571</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	OPEB Trust Fund	Custodial Funds	Total
<b>Additions</b>			
Contributions	\$ 60,000	\$ --	\$ 60,000
Investment income	<u>187,061</u>	<u>6,411</u>	<u>193,472</u>
<b>Total Additions</b>	<u>247,061</u>	<u>6,411</u>	<u>253,472</u>
<b>Deductions</b>			
Other expenses	<u>2,073</u>	<u>--</u>	<u>2,073</u>
<b>Total Deductions</b>	<u>2,073</u>	<u>--</u>	<u>2,073</u>
<b>Change in Net Position</b>	244,988	6,411	251,399
<b>Net Position, Restricted for Post-Employment Benefits and Other Purposes - Beginning, as restated</b>	<u>599,441</u>	<u>37,731</u>	<u>637,172</u>
<b>Net Position, Restricted for Post-Employment Benefits and Other Purposes - Ending</b>	<u>\$ 844,429</u>	<u>\$ 44,142</u>	<u>\$ 888,571</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### ***RECENTLY ISSUED ACCOUNTING STANDARDS***

During the fiscal year ended June 30, 2021, the City of Central Falls implemented the following new accounting pronouncements:

- GASB Statement No. 84 - *Fiduciary Activities*. See Note 13 for detail.

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

- GASB Statement No. 87 - *Leases*, effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 88 - *Certain Disclosures Related to Debt, Including Borrowings and Direct Placements*, effective for School's fiscal year ending June 30, 2022.
- GASB Statement No. 89 - *Accounting for Interest Costs Incurred before the End of a Construction period*, effective for the School's fiscal year ending June 30, 2022.
- GASB Statement No. 91 - *Conduit Debt Obligations*, effective for the fiscal year ending June 30, 2023.



**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recently Issued Accounting Standards (Continued)***

- GASB Statement No. 92 - *Omnibus 2020*, effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*, effective for the 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 to GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32*, effective for the fiscal year ending June 30, 2022.

The impact of these pronouncements on the City's financial statements has not been determined.

***REPORTING ENTITY***

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

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

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REPORTING ENTITY (CONTINUED)***

The following entities were considered for classification as component units for fiscal year 2021:

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

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

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

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide financial statements, statement of net position and statement of activities report information about the government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

***GOVERNMENTAL FUND FINANCIAL STATEMENTS***

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

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)***

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

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

The governmental funds of the City are described below:

**General Fund**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Revenue Funds**

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

**Capital Project Funds**

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

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GOVERNMENTAL FUND FINANCIAL STATEMENTS (CONTINUED)***

**Custodial Funds**

Custodial funds account for amounts held by the City for unclaimed estates in probate court.

**OPEB Trust Funds**

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

***MEASUREMENT FOCUS AND BASIS OF ACCOUNTING***

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

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

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)***

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

**Budgets**

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

Encumbrances represent commitments related to unperformed contracts for goods or services. Open encumbrances are reported within fund balance, committed or assigned fund balance, and should not result in separate display of the encumbered amount within those classifications. Encumbrances outstanding at year end do not constitute expenditures or liabilities under GAAP because the commitments will be honored during the subsequent years. There are no encumbrances as of June 30, 2021.

**Use of Estimates**

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

**Cash Equivalents**

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

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Investments**

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

#### **Accounts Receivable**

In the government-wide statements receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible property taxes amounted to \$762,955 at June 30, 2021. Receivable balances for the governmental activities include property taxes of \$1,531,117 and other receivables of \$203,575.

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

#### **Accounts Payable**

Accounts payable balances consist primarily of payables to vendors.

#### **Property Taxes**

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

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position, that apply to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2021, the City reports deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2021, the City had two items qualifying as a deferred inflow of resources. In the governmental funds balance sheet, the City reports unavailable tax revenue and advance tax collections.

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

#### **Capital Assets**

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

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

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets (Continued)

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

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

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

#### Interfund Transactions

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

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

Inter-fund transfers totaled \$105,234 for the year ended June 30, 2021.



**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balance**

**Government-Wide Statements**

Net position is displayed in three categories:

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

**Fund Financial Statements**

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

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

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balance (Continued)**

**Fund Financial Statements (Continued)**

- Committed Fund Balance (Continued) – The City currently has two separate ordinances for committing fund balance. The City must reserve not less than five percent, with a goal of ten percent, of the previous fiscal year’s total budget of general revenues. The City will have a minimum target balance of \$250,000 reserved for capital improvements.
- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City does not presently have a spending policy that has delegated this authority.
- Unassigned Fund Balance – is the residual amount not allocated to any other fund balance category in the General Fund, and any residual deficit balance of any other governmental fund.

**Application of Funds**

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

**Compensated Absences**

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

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$40,130,815) difference are as follows:

Bonds payable	\$ (6,836,000)
Pension liability	(30,676,458)
Net other post-employment benefit obligation	(2,278,915)
Compensated absences	<u>(339,442)</u>
Total Differences	<u>\$ (40,130,815)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this (\$2,611,274) difference are as follows:

Capital outlays (net of disposals)	\$ 4,465,208
Depreciation expense	<u>(1,853,934)</u>
Net difference	<u>\$ 2,611,274</u>

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this (\$1,601,741) difference are as follows:

Increase in compensated absences	\$ (6,695)
Decrease in OPEB	291,209
Decrease in due to State	345,884
Increase in MERS pension liability	(28,157,519)
Debt repayments	779,000
Decrease in City pension liability	<u>25,146,380</u>
Net difference	<u>\$ (1,601,741)</u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$6,889,897 difference are as follows:

Changes in deferred outflows	\$ 3,323,980
Changes in deferred inflows	<u>3,565,917</u>
Net difference	<u>\$ 6,889,897</u>

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 2 - BUDGETARY AND LEGAL COMPLIANCE

##### *BUDGETS*

All agencies of the City submit requests for appropriation to the City's finance director (currently to the Administrative and Finance Officer). These requests include information on the past years, current year's estimates and requested appropriations for the next fiscal year. In accordance with the City's Fourth Amended Plan, dated July 27, 2012, the City's elected officials, and any fiduciary acting with the powers of elected officials, shall keep the City's budget in balance through June 30, 2021, the term of the Plan.

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

#### NOTE 3 - DEPOSITS AND INVESTMENTS

##### *DEPOSITS*

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

At June 30, 2021, the carrying amount of the City's deposits was \$3,375,331 and the bank balance was \$3,592,015 of which \$500,000 was covered by federal depository insurance and the remaining bank balance of \$3,092,015 was collateralized by the financial institutions and/or third parties in the name of the City.

##### *INVESTMENTS*

At June 30, 2021 the City's investments totaled \$844,429 (all of which are held in its Fiduciary Funds) and consisted of the following:

Description	Fair Value	Interest Rate	Maturity	Credit Rating
Mutual Funds	\$ 844,429	n/a	n/a	n/a
Total	<u>\$ 844,429</u>			

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

*INVESTMENTS (CONTINUED)*

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

*INTEREST RATE RISK*

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

*CREDIT RISK*

The City has no investment policy that would limit its investment choices due to credit risk other than the State Statutes governing investments in obligations of any State or political subdivision or in obligations to the State of Rhode Island or political subdivision. At June 30, 2021 the City's portfolio consisted of mutual funds. The mutual funds consist of investments in a wide range of companies and various industries enabling the City to minimize its risk.

*CUSTODIAL CREDIT RISK*

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

*FAIR VALUE OF FINANCIAL INSTRUMENTS*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available, of how the market would price the asset or liability. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

***FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)***

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in valuation methodology used in 2021.

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2021:				
Vanguard Mutual Funds	\$ 844,429	\$ --	\$ --	\$ 844,429
Investments at fair value	<u>\$ 844,429</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 844,429</u>

There were no transfers between any levels during the year ended June 30, 2021.

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 4 - CAPITAL ASSETS**

Activity for governmental activity capital assets is summarized below:

	Balances July 1, 2020 (as restated)	Total Additions	Total Deductions	Balances June 30, 2021
Capital Assets:				
Land (not being depreciated)	\$ 1,009,008	\$ 15,000	\$ --	\$ 1,024,008
Construction in progress (not depreciated)	<u>3,478,963</u>	<u>3,383,833</u>	<u>1,169,607</u>	<u>5,693,189</u>
	4,487,971	3,398,833	1,169,607	6,717,197
Buildings and land improvements	47,994,872	916,580	--	48,911,452
Motor vehicles	4,441,150	289,537	--	4,730,687
Equipment	3,351,039	89,120	92,740	3,347,419
Infrastructure	<u>13,860,463</u>	<u>1,033,485</u>	<u>--</u>	<u>14,893,948</u>
Total Capital Assets	<u>74,135,495</u>	<u>5,727,555</u>	<u>1,262,347</u>	<u>78,600,703</u>
Less: Accumulated Depreciation				
Buildings and land improvements	(33,679,163)	(1,178,656)	--	(34,857,819)
Motor vehicles	(4,231,565)	(192,192)	--	(4,423,757)
Equipment	(2,929,166)	(300,686)	--	(3,229,852)
Infrastructure	<u>(12,194,326)</u>	<u>(182,400)</u>	<u>--</u>	<u>(12,376,726)</u>
Total Accumulated Depreciation	<u>(53,034,220)</u>	<u>(1,853,934)</u>	<u>--</u>	<u>(54,888,154)</u>
Net Capital Assets	<u>\$ 21,101,275</u>	<u>\$ 3,873,621</u>	<u>\$ 1,262,347</u>	<u>\$ 23,712,549</u>

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

Governmental activities:	
General government	\$ 395,202
Public safety	334,741
Public works	337,426
Public recreation	368,608
Public education	<u>417,957</u>
Total	<u>\$ 1,853,934</u>



# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

**NOTE 5 - UNEARNED REVENUE/UNAVAILABLE REVENUE**

Governmental funds report deferred inflow of resources from unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2021, the various components of unearned revenue and unavailable revenue reported in the governmental funds and governmental activities were as follows:

**General Fund**

Unavailable tax revenue	\$ 1,357,416
Advance tax collections	<u>\$ 819,297</u>

**Other Governmental Funds**

Unearned revenue grants	<u>\$ 1,204,498</u>
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**NOTE 6 - LONG-TERM DEBT**

***GENERAL OBLIGATION BONDS AND OTHER DEBT***

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

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

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

	Amount	Percent
General obligation municipal bonds	\$ 4,580,000	11%
R.I. Health & Education Building Corporation (RIHEBC) revenue bonds	820,000	2%
R.I. Infrastructure Bank bond	<u>1,436,000</u>	4%
Total long-term bonds	<u>6,836,000</u>	
Net pension liability	30,676,458	76%
Net OPEB obligation	2,278,915	6%
Compensated absences	<u>339,442</u>	<u>1%</u>
Total long-term debt	<u>\$ 40,130,815</u>	<u>100%</u>

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

Schedule of long-term bond requirements:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 805,000	\$ 207,000	\$ 1,012,000
2023	836,000	178,254	1,014,254
2024	862,000	151,213	1,013,213
2025	894,000	123,381	1,017,381
2026	835,000	95,447	930,447
Thereafter	<u>2,604,000</u>	<u>269,515</u>	<u>2,873,515</u>
Total	<u>\$ 6,836,000</u>	<u>\$ 1,024,810</u>	<u>\$ 7,860,810</u>

***MAXIMUM AGGREGATE INDEBTEDNESS***

The City's legal debt limit as set forth by Rhode Island General Law 45-12-2 is limited to three percent of total assessed property value. As of June 30, 2021, the City was in compliance with the limit of \$15,573,194.

***DUE TO STATE***

Due to State represents non-interest bearing amount due to the State of Rhode Island for receivership costs paid by the State. During fiscal 2013, legislation was passed by the State of Rhode Island allowing the City to repay the State over a period of time for these costs. As of June 30, 2021, Due to State was fully paid.

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

	Date of Issue	Maturity Date	Amount of Issue	Interest Rate	Outstanding July 1, 2020	Additions	Deductions	Outstanding June 30, 2021	Current Portion
General obligation municipal bonds	7/25/2017	7/25/2027	\$ 5,435,000	3.04%	\$ 4,970,000	\$ --	\$ 390,000	\$ 4,580,000	\$ 410,000
RIHEBC revenue bonds	12/12/2013	5/15/2020	\$ 5,510,000	2.58%	500,000	--	250,000	250,000	250,000
RIHEBC revenue bonds	8/15/2007	4/1/2027	\$ 1,300,000	4.25%-5.00%	645,000	--	75,000	570,000	80,000
Rhode Island Infrastructure Bank	5/2/2019	9/1/2038	\$ 1,500,000	1.37%-2.62%	1,500,000	--	64,000	1,436,000	65,000
<b>Total bonds and leases</b>					<u>7,615,000</u>	<u>--</u>	<u>779,000</u>	<u>6,836,000</u>	<u>805,000</u>
Accrued compensated absences					332,747	6,695	--	339,442	33,944
Net pension liability									
City of Central Falls pension plan					25,146,380	--	25,146,380	--	--
Municipal employees' retirement system- City of Central Falls					2,518,939	257,721	--	2,776,660	--
Municipal employees' retirement system- Police and Fire					--	1,995	--	1,995	--
Municipal employees' retirement system- Police and Fire (Legacy)					--	27,897,803	--	27,897,803	--
Net OPEB liability					2,570,124	--	291,209	2,278,915	--
Due to State					345,884	--	345,884	--	--
<b>Total long-term debt</b>					<u>\$ 38,529,074</u>	<u>\$ 28,164,214</u>	<u>\$ 26,562,473</u>	<u>\$ 40,130,815</u>	<u>\$ 838,944</u>

Total interest paid on general long-term debt for the year ended June 30, 2021 was \$227,027.

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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

Interfund receivables and payables at June 30, 2021 were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,379,868	\$ 1,344,969
Other Governmental Funds	2,991,806	3,026,705
	\$ 4,371,674	\$ 4,371,674

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

The following funds had operational and/or fund deficits:

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

	Operational	Fund Deficit
Recreation Food Program	\$ 219	\$ --
Take It Outside	\$ 104	\$ 104
Planning Projects Fund	\$ --	\$ 36,025
RIDOH	\$ 65,525	\$ --
Police State Forfeiture	\$ --	\$ 25,216
Champs Grant	\$ --	\$ 5
Emergency Equipment Replacement	\$ 10	\$ --
Mortgage Foreclosure Prevention	\$ 267	\$ 267
School Building Capital	\$ 358,342	\$ 258,010
The Landing	\$ 108,352	\$ 108,352
Turf Field	\$ 619	\$ 619
Mayors Office	\$ 5,820	\$ 5,820
Rhode Island Infrastructure Bank 2019	\$ 379,511	\$ --
Public Federal Forfeiture	\$ 42,732	\$ 4,812

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 8 - FUND BALANCES

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

At June 30, 2021, *Nonspendable Fund Balance* consisted of the following:

	General Fund	Other Government Funds	Total
Cash held in escrow -			
Rhode Island Infrastructure Bank	\$ --	\$ 327,493	\$ 327,493
Total Nonspendable Fund Balance	\$ --	\$ 327,493	\$ 327,493

At June 30, 2021, *Restricted Fund Balance* consisted of the following:

	General Fund	Other Government Funds	Total
Cogswell Tower	\$ --	\$ 3,660	\$ 3,660
CDBG 2016	--	16,031	16,031
Recreation Food Program	--	70,135	70,135
RI Department of Health	--	119,894	119,894
RI Foundation Grant	--	5,764	5,764
JAG Grant	--	642	642
Police Seizures Escrow	--	3,091	3,091
Community Center	--	1,000	1,000
Renewable Energy	--	278,813	278,813
Emergency Equipment Replacement	--	590	590
Recycling Account	--	17,239	17,239
Redevelopment Agency	--	207,901	207,901
Property Development	--	155,925	155,925
Arbor Day Green Space	--	10	10
Macomber Stadium	--	50,000	50,000
Historic Trust	--	6,012	6,012
Total Restricted Fund Balance	\$ --	\$ 936,707	\$ 936,707

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 8 - FUND BALANCES (CONTINUED)**

At June 30, 2021, *Committed Fund Balance* consisted of the following:

	<u>General Fund</u>	<u>Other Government Funds</u>	<u>Total</u>
Capital reserves based on ordinance	\$ 1,111,545	\$ --	\$ 1,111,545
Sixty-day property tax collections budgeted in subsequent fiscal year	<u>173,700</u>	<u>--</u>	<u>173,700</u>
<b>Total Committed Fund Balance</b>	<b><u>\$ 1,285,245</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 1,285,245</u></b>

At June 30, 2021 *Unassigned Fund Balance* consisted of the following:

	<u>General Fund</u>	<u>Other Government Funds</u>	<u>Total</u>
General Fund	<u>\$ --</u>	<u>\$ (403,205)</u>	<u>\$ (403,205)</u>
<b>Total Unassigned Fund Balance</b>	<b><u>\$ --</u></b>	<b><u>\$ (403,205)</u></b>	<b><u>\$ (403,205)</u></b>

**NOTE 9 - PENSION PLANS**

The City contributes to one defined benefit pension plan – (a) the Municipal Employees’ Retirement System (MERS) – an agent multiple-employer defined benefit pension plan of the State of Rhode Island, which covers substantially all of the City's employees including police officers and firefighters. The City also contributes to (b) TIAA-CREF and the Employees’ Retirement System of Rhode Island administered defined contribution plan, which covers certain municipal employees participating in MERS.

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire***

***PLAN DESCRIPTION***

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at [www.ersri.org](http://www.ersri.org)

***BENEFITS PROVIDED***

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

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

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

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 9 - PENSION PLANS (CONTINUED)

##### *(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)*

Final Compensation: 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. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

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

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

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

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



# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 9 - PENSION PLANS (CONTINUED)

##### *(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)*

###### *GENERAL EMPLOYEES (CONTINUED)*

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.

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.

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 9 - PENSION PLANS (CONTINUED)

##### *(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)*

##### **RETIREMENT BENEFITS (CONTINUED)**

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

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

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

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

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 in (a) and (b) 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.

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

***OTHER BENEFIT PROVISIONS (CONTINUED)***

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

- a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%.
- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on the every fourth year provision will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, \$26,098 for 2017.

***EMPLOYEES COVERED BY BENEFIT TERMS***

At the June 30, 2020 measurement date, membership consisted of the following:

	<u>Municipal</u>	<u>(Legacy) Police and Fire</u>	<u>Police and Fire</u>
Retirees and Beneficiaries	34	108	--
Inactive, Nonretired Members	75	1	1
Active Members	45	71	10
Total	<u>154</u>	<u>180</u>	<u>11</u>

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 9 - PENSION PLANS (CONTINUED)

##### *(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)*

###### **CONTRIBUTIONS**

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The City of Central Falls contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City of Central Falls contributed \$280,306, \$18,895 and \$2,558,734 in the year ended June 30, 2020 which was 13.14%, 10.66% and 59.04% of annual covered payroll for the general, police and fire and police and fire legacy plans, respectively.

###### **NET PENSION LIABILITY (ASSET)**

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.

Actuarial Cost	Individual entry age normal method
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization:	
General & Police Employees	18 Years
Police and Fire Employees	22 Years
Asset valuation method	5-Year Smoothed Market
Inflation	2.50%
	3.50% to 7.25% for general employees per year and 4% to 14% for Police and Fire, including
Salary increases	longevity and holiday pay
Investment rate of return	7.00%, net of investment managements fees
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2017 valuation.
Mortality	Males: RP-2014 Combined Healthy for Males with Blue Collar adjustments, projected with the ultimate values of the MP Scale (through 2019). Females: RP-2014 Combined Healthy for Females, projected with the ultimate values of the MP Scale (through 2019).

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 9 - PENSION PLANS (CONTINUED)

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

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:

Type of Investment	Target Allocation	Long-Term Expected Real Rate of Return
<b><i>Growth</i></b>		
<b>Global Equity</b>		
US Equity	23.00%	6.31%
International Developed Equity	12.10%	6.71%
Emerging Markets Equity	4.90%	8.69%
Sub-total	<u>40.00%</u>	
<b>Private Growth</b>		
Private Energy	11.25%	9.71%
Non-Core RE	2.25%	5.66%
OPP Private Credit	1.50%	9.71%
Sub-total	<u>15.00%</u>	
<b><i>Income</i></b>		
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	<u>12.00%</u>	
<b><i>Stability</i></b>		
<b>Crisis Protection Class</b>		
Treasury Duration	5.00%	0.10%
Systematic Trend	5.00%	3.84%
Sub-total	<u>10.00%</u>	
<b>Inflation Protection</b>		
Core Real Estate	3.60%	5.66%
Private Infrastructure	2.40%	6.06%
TIPs	2.00%	0.74%
Sub-total	<u>8.00%</u>	
<b>Volatility Protection</b>		
IG Fixed Income	3.25%	1.54%
Securitized Credit	3.25%	1.54%
Absolute Return	6.50%	3.84%
Cash	2.00%	0.10%
Sub-total	<u>15.00%</u>	
	<u>100.00%</u>	

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

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.

***CHANGES IN THE NET POSITION LIABILITY (ASSET)***

Municipal Employees' Retirement System - General Employees			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ 7,783,323	\$ 5,264,384	\$ 2,518,939
Service Cost	129,484	--	129,484
Interest on the total pension liability	531,866	--	531,866
Difference between expected and actual experience	101,452	--	101,452
Assumption changes	(35,587)	--	(35,587)
Employer contributions	--	280,306	(280,306)
Employee contributions	--	32,673	(32,673)
Net investment income	--	191,079	(191,079)
Other changes	--	(29,299)	29,299
Administrative expense	--	(5,265)	5,265
Benefit payments, including employee refunds	(499,970)	(499,970)	--
Net Changes	227,245	(30,476)	257,721
Balance as of June 30, 2020	\$ 8,010,568	\$ 5,233,908	\$ 2,776,660

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

***CHANGES IN THE NET POSITION LIABILITY (ASSET) (CONTINUED)***

Municipal Employees' Retirement System - Police and Fire (Legacy)			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance as of June 30, 2019	\$ 36,621,180	\$ 11,474,800	\$ 25,146,380
Service Cost	856,801	--	856,801
Interest on the total pension liability	2,749,832	--	2,749,832
Difference between expected and actual experience	1,610,790	--	1,610,790
Assumption changes	1,831,059	--	1,831,059
Employer contributions	--	2,558,734	(2,558,734)
Employee contributions	--	528,883	(528,883)
Net investment income	--	1,301,848	(1,301,848)
Other changes	--	(17,995)	17,995
Administrative expense	--	(74,411)	74,411
Benefit payments, including employee refunds	(2,416,234)	(2,416,234)	--
Net Changes	4,632,248	1,880,825	2,751,423
Balance as of June 30, 2020	\$ 41,253,428	\$ 13,355,625	\$ 27,897,803

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

***CHANGES IN THE NET POSITION LIABILITY (ASSET) (CONTINUED)***

Municipal Employees' Retirement System - Police and Fire			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of June 30, 2019	\$ --	\$ --	\$ --
Service Cost	38,611	--	38,611
Interest on the total pension liability	1,351	--	1,351
Employer contributions	--	18,895	(18,895)
Employee contributions	--	17,725	(17,725)
Net investment income	--	1,386	(1,386)
Other changes	--	(1)	1
Administrative expense	--	(38)	38
Net Changes	39,962	37,967	1,995
Balance as of June 30, 2020	\$ 39,962	\$ 37,967	\$ 1,995

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

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
General Employees	\$ 3,502,708	\$ 2,776,660	\$ 1,900,450
Police and Fire (Legacy)	31,623,155	27,897,803	23,402,219
Police and Fire	5,572	1,995	(2,264)



# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 9 - PENSION PLANS (CONTINUED)

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

***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 employer recognized pension expense of \$3,124,817. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Municipal	Legacy Police and Fire	Police and Fire	Total
Deferred outflow of resources:				
Difference in Experience	\$ 76,525	\$ 1,706,425	\$ --	\$ 1,782,950
Assumptions Changes	--	1,810,535	--	1,810,535
Excess (Deficit) Investment Returns	149,198	84,792	--	233,990
Contributions subsequent to the measurement date	<u>3,735,875</u>	<u>--</u>	<u>--</u>	<u>3,735,875</u>
<b>Total Deferred Outflow of Resources</b>	<b><u>\$ 3,961,598</u></b>	<b><u>\$ 3,601,752</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 7,563,350</u></b>
Deferred inflow of resources:				
Difference in Experience	\$ (193,303)	\$ (939,960)	\$ --	\$ (1,133,263)
Differences in Assumptions	(26,843)	(893,053)	--	(919,896)
Excess (Deficit) Investment Returns	<u>(54,752)</u>	<u>(435,692)</u>	<u>(85)</u>	<u>(490,529)</u>
<b>Total Deferred Inflow of Resources</b>	<b><u>\$ (274,898)</u></b>	<b><u>\$ (2,268,705)</u></b>	<b><u>\$ (85)</u></b>	<b><u>\$ (2,543,688)</u></b>

\$3,735,875 reported as deferred outflows of resources related to pensions resulting from the City of Central Fall's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period.

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 9 - PENSION PLANS (CONTINUED)**

***(a) Municipal Employees' Retirement System of Rhode Island (MERS) – General, Police and Fire (Continued)***

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

Year Ending June 30	Municipal	Legacy Police and Fire	Police and Fire	Total
2022	\$ 3,627,063	\$ (252,619)	\$ (21)	\$ 3,374,423
2023	(19,142)	720,732	(21)	701,569
2024	43,713	534,397	(21)	578,089
2025	35,066	330,537	(22)	365,581
2026	--	--	--	--
Thereafter	--	--	--	--
<b>Total</b>	<b>\$ 3,686,700</b>	<b>\$ 1,333,047</b>	<b>\$ (85)</b>	<b>\$ 5,019,662</b>

***(b) TIAA-CREF and the Employees' Retirement System of Rhode Island***

***DEFINED CONTRIBUTION PLAN DESCRIPTION***

Certain employees participating in the defined benefit plan, as described above, may also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The City of Central Falls recognized pension expense of \$27,293, 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. The report may be obtained at <http://www.ersri.org>.

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 10 - POST RETIREMENT BENEFITS**

***PLAN DESCRIPTION***

The City's Post-Employment Medical Benefit Plan is a single-employer defined benefit post-retirement health insurance program. The City provides health care to retired police and firefighter employees and their spouses until the retiree reaches the age of 65. Retired employees are covered by the same plan as active employees and are subject to the same 20% co-share as actives. The trust is accounted for as an OPEB trust fund in the City's financial statements. As of June 30, 2021, there are no separate financial statements available for the Plan.

***CLASSES OF EMPLOYEES COVERED***

As of July 1, 2021 (the date of the last actuarial valuation), the membership data was as follows:

Retired and spouses	12
Active plan members	<u>144</u>
Total	<u><u>156</u></u>

***BASIS OF ACCOUNTING***

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

***VALUATION OF INVESTMENTS***

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

***RATE OF RETURN***

For the year ended June 30, 2021, the annual money-weighted rate of return on plan investments, net of investment expense was 31.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts of actually invested.

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

#### NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

##### *FUNDING POLICY*

The City's funding policy provides for actuarially determined periodic contributions to the plans at rates that increase gradually over time so that sufficient assets will be available to pay benefits when due. Municipal retirees are required to contribute 20% of the health care cost between ages 62 to 65, and 100% of the premium prior to age 62. Retired police officers and firefighters may elect to be covered by the City's medical plan until age 65 and must pay 20% co-shares. Coverage reverts to COBRA for 36 months upon death of the member, or until the spouse reaches age 65, whichever occurs first. The annual OPEB cost was estimated from the July 1, 2021 actuarial valuation using the projected unit credit funding method. The actuarial assumptions included a 4.0% unfunded discount rate and the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 Improvements and RP 2000 Disabled Mortality Table.

##### *NET OPEB LIABILITY*

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

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

	OPEB Liability (a)	Increase (Decrease) Net Position Restricted for OPEB (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2020	\$ 3,169,565	\$ 599,441	\$ 2,570,124
Service cost	83,470	--	83,470
Interest	239,591	--	239,591
Employer contributions	--	179,136	(179,136)
Experience gain	(250,146)	--	(250,146)
Expenses	--	(1,209)	1,209
Benefit payments	(119,136)	(119,136)	--
Net investment income	--	186,197	(186,197)
Net Changes	<u>(46,221)</u>	<u>244,988</u>	<u>(291,209)</u>
Balance as of June 30, 2021	<u>\$ 3,123,344</u>	<u>\$ 844,429</u>	<u>\$ 2,278,915</u>

Plan fiduciary net position as percentage of total OPEB liability 27.04%

**CITY OF CENTRAL FALLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)**

***OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB***

For the year ended June 30, 2021, the City recognized OPEB expense of \$189,247. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Difference in Experience	\$ 9,886	\$ 116,890
Net difference between project and actual earning on OPEB plan investments	--	1,730,138
Total	\$ 9,886	\$ 1,847,028

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

Year Ending June 30	
2022	\$ (272,428)
2023	(271,937)
2024	(269,368)
2025	(217,034)
2026	(244,848)
Thereafter	(561,527)
	\$ (1,837,142)

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)

##### *ACTUARIAL ASSUMPTIONS*

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Interest	Full Prefunding: 7.5%, net of investment expenses
Actuarial Cost Method	Entry Age Normal
Medical Care Inflation	Year                      Inflation Rate 2021+                      4.5%
Participation	70% of future retirees are assumed to participate in the retiree medical plan.
Marital Status	85% of male employees and 65% of female employees are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Termination Benefit	No benefits will be payable for terminations prior to retirement eligibility.
Medical Plan Costs	The City is treated as community rated and therefore, the expected claims costs does not include the implicit subsidy. It is assumed that future retirees participate in the same manner as current retirees. Employee cost sharing is based on 20% of current unadjusted rates. Future cost sharing is based on the weighted average of the current cost sharing of retirees and beneficiaries.
Pre-Age 65 Retirees	Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65.  Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65.
Post-Age 65 Retirees	Current retirees over age 65 remain in their current medical plan until death for purposes of measuring their contributions. It is assumed that all current retirees under 65 will participate in the same proportion as current retirees over 65. Per capital costs were developed from the City developed monthly costs. Amounts to be received in the future for Medicare Part D Retiree Drug Subsidy are not reflected in the valuation.
Mortality	It is assumed that both pre-retirement and post-retirement mortality are represented by the SOA RP-2014 Blue Collar Mortality with Scale MP-2016 improvements, fully generational, for males and females. Mortality for disabled members is represented by the RP-2000 Disabled Mortality Table.

**CITY OF CENTRAL FALLS**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 10 - POST RETIREMENT BENEFITS (CONTINUED)**

***DISCOUNT RATE***

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

The discount rate was selected based on a projection of employer and employee contributions, benefit payments, expenses, and the long-term expected rate of return on trust assets. Based on these laws and above assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE***

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total OPEB Liability	\$ 3,528,015	\$ 3,123,344	\$ 2,786,087
Plan Fiduciary Net Position	844,429	844,429	844,429
Net OPEB Liability	\$ 2,683,586	\$ 2,278,915	\$ 1,941,658

***SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES***

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease 3.50%	Current Trend Rate 4.50%	1% Increase 5.50%
Total OPEB Liability	\$ 2,745,479	\$ 3,123,344	\$ 3,577,538
Plan Fiduciary Net Position	844,429	844,429	844,429
Net OPEB Liability	\$ 1,901,050	\$ 2,278,915	\$ 2,733,109

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 11 - RISK MANAGEMENT

The City of Central Falls is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the City is insured for a maximum of \$2,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust Coverage in any of the past three fiscal years. There have been no reductions in insurance coverage during the year ended June 30, 2021.

### NOTE 12 - COMMITMENTS

On July 11, 2019, the City entered into a contract to purchase Net Metering Credits at a discounted rate as described in the contract terms from the seller on a monthly basis for a twenty-five year term at the commencement of operations of a renewable energy facility built and operated by the seller. The contract has options to renew for three successive five-year terms.

### NOTE 13 - TAX ABATEMENTS

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

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

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



# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2021

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#### NOTE 13 - TAX ABATEMENTS (CONTINUED)

For the fiscal year ended June 30, 2021, the City abated \$136,342 under this program, including the following tax abatement:

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

- A ten-year property tax abatement was entered into in 2016 for the removal of an old run-down building and the building of a new retail establishment in the City. The abatement amounted to \$6,478 during FY2021.
- A ten-year property tax abatement was entered into in 2016 to increase the number of jobs in the City and to completely renovate a rundown building in a high traffic area of the City. The abatement amounted to \$6,337 during FY2021.
- A ten-year property tax abatement was entered into in 2017 for the renovation of a historic building and to expand the number of apartments in the City. The abatement is for a declining stabilization rate and amounted to \$58,657 during FY2021.
- A twelve-year property tax abatement was entered into in 2019 to increase the number of jobs in the City. The abatement amounted to \$22,816 during FY2021.
- A twelve-year property tax abatement was entered into in 2019 to increase the number of jobs in the City. The abatement amounted to \$11,941 during FY2021.
- A twelve-year property tax abatement was entered into in 2021 for the renovation of a historic building and to expand the number of apartments in the City. The abatement amounted to \$30,113 during FY2021.

#### NOTE 14 - RESTATEMENT

The City implemented GASB Statement No. 84, *Fiduciary Activities*, resulting in the reclassification of certain funds presented as agency in the prior year that are now classified as fiduciary funds. The following reflects the effect of implementation of GASB Statement No. 84 along with other corrections of prior year amounts and balances:

#### Fiduciary Funds:

Net Position as originally stated at July 1, 2020	\$ 599,441
Adoption of GASB Statement No. 84	37,731
Net Position at July 1, 2020, as restated	<u>\$ 637,172</u>

# CITY OF CENTRAL FALLS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 14 - RESTATEMENT (CONTINUED)

The City made corrections to the general fund for the following reasons: tax revenues related to the fiscal year 2021 were incorrectly applied in prior year; intercompany receivables and payables were incorrectly applied in the prior years; cash balances were understated in prior year due to outstanding checks reported were higher than actual outstanding amount; overstatement of grant revenue from grantor; pension accrual was understated in prior year; understatement of escrow account balance in prior year. The City made correction to the school building capital fund for capital expenditures recorded in current year but were related to prior year. The following reflects the effect of these corrections of prior year amounts and balances:

#### Governmental Funds:

Net Position as originally stated at July 1, 2020	\$ 4,435,622
Correction of due to due from balances	(299,750)
Correction of cash balances	167,064
Correction of capital expenditures	(613,945)
Correction of fund balance	(36,025)
Correction of tax receivable	(877,557)
Correction of accrued expenses	(114,394)
Correction of escrow account	21,469
Net Position at July 1, 2020, as restated	<u>\$ 2,682,484</u>

#### Government-wide Funds:

Net Deficit as originally stated at July 1, 2020	\$ (17,573,678)
Correction of due to due from balances	(299,750)
Correction of cash balances	167,064
Correction of fund balance	(36,025)
Correction of tax receivable	(877,557)
Correction of accrued expenses	(114,394)
Correction of unearned revenue	1,526,690
Correction of escrow account	21,469
Net Position at July 1, 2020, as restated	<u>\$ (17,186,181)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF CENTRAL FALLS

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## GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>Tax Revenue</b>				
Tax revenue (current year)	\$ 14,290,095	\$ 14,290,095	\$ 14,713,748	\$ 423,653
Tax revenue (prior years)	649,764	649,764	790,461	140,697
Emergency Reserve Fund	(142,901)	(142,901)	--	142,901
<b>Total Tax Revenue</b>	<u>14,796,958</u>	<u>14,796,958</u>	<u>15,504,209</u>	<u>707,251</u>
<b>Fees / Non-Tax Revenue</b>				
Interest on taxes	282,166	282,166	283,264	1,098
VIN check fees	28,560	28,560	--	(28,560)
Probate fees	12,576	12,576	9,918	(2,658)
Realty Stamps	51,000	51,000	129,084	78,084
Real Estate Recordings	61,200	61,200	75,537	14,337
Licenses (other than marriage)	77,871	77,871	92,359	14,488
Certificates (vital records)	10,942	10,942	17,105	6,163
Marriage Licenses	965	965	1,184	219
Reports/copying fees	2,015	2,015	4,475	2,460
City Clerk miscellaneous fees	15,300	15,300	10,630	(4,670)
Fire code inspection fees/other fire permits	14,280	14,280	4,330	(9,950)
Alarm box fees & smoke detector certificates	28,241	28,241	37,575	9,334
Parks & Recreation Revenue	1,000	1,000	34,451	33,451
Rescue runs	330,000	330,000	392,693	62,693
Hazardous material permits	1,945	1,945	--	(1,945)
Building permits	52,000	52,000	42,683	(9,317)
Plumbing & mechanical permits	31,200	31,200	15,655	(15,545)
Electrical permits	16,320	16,320	14,489	(1,831)
Certificates of occupancy	5,100	5,100	5,100	--
Municipal Court Fees/Traffic Fines/Other Fines	145,654	145,654	103,581	(42,073)
Administrative and Other Fees	30,600	30,600	49,924	19,324
Vehicle Fees for Road Details	45,900	45,900	187,105	141,205
Code Court Fees	1,530	1,530	--	(1,530)
Property preservation revenue	10,200	10,200	--	(10,200)
Misc. departmental revenue	100,000	100,000	131,662	31,662
Local Pilot Revenue	71,275	71,275	86,143	14,868
Public works	10,537	10,537	19,637	9,100
Judiciary (RIPAY), traffic camera, other PD fines	20,000	20,000	41,213	21,213
Restitution	40	40	143	103
<b>Total Fees / Non-Tax Revenue</b>	<u>1,458,417</u>	<u>1,458,417</u>	<u>1,789,940</u>	<u>331,523</u>
<b>State Revenue</b>				
Motor Vehicle Phase out	1,247,281	1,418,289	448,754	(969,535)
Distressed Communities Aid	201,648	245,802	45,856	(199,946)
Public Service Corporation Tax/Telephone tax	244,423	241,398	241,398	--
CARE account revenue	23,347	23,347	1,292,143	1,268,796
Hotel/meals & beverage tax	83,514	126,274	146,023	19,749
School Housing Aid - Direct payment	95,287	95,287	95,287	--
Appropriation from State of RI-Receiver'ship Costs	421,467	421,467	421,467	--
Non Profit Organizations	687	687	--	(687)
Miscellaneous state aid/grants	31,384	31,752	113,849	82,097
<b>Total State Revenue</b>	<u>2,349,038</u>	<u>2,604,303</u>	<u>2,804,777</u>	<u>200,474</u>
<b>Other Income</b>				
Tax Sales/Miscellaneous Other Revenue	100,000	100,000	11,982	(88,018)
Nuisance Task Force Revenue	60,000	60,000	25,029	(34,971)
Other financial sources	800	800	1,000	200
<b>Total Other Income</b>	<u>160,800</u>	<u>160,800</u>	<u>38,011</u>	<u>(122,789)</u>
<b>TOTAL REVENUES</b>	<u>18,765,213</u>	<u>19,020,478</u>	<u>20,136,937</u>	<u>1,116,459</u>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
<b>City Executive Management</b>				
Salaries	183,447	164,447	183,571	(19,124)
Social Security	11,374	9,920	12,554	(2,634)
Medicare	2,660	2,384	2,936	(552)
Municipal State Pension	23,555	23,365	23,683	(318)
TIAA-CREF	2,752	2,752	1,836	916
Medical Insurance	20,261	29,237	18,856	10,381
Dental Insurance	1,005	1,005	780	225
Supplies - Executive	1,000	1,000	2,034	(1,034)
Dues/Subscriptions-City Executive Management	--	--	1,992	(1,992)
Non-Capital Equipment - City Executive Management	--	--	75	(75)
Other Professional Services	--	--	200	(200)
Community Outreach	15,000	36,000	59,389	(23,389)
Professional Development & Training	6,000	11,830	6,211	5,619
<b>Total City Executive Management</b>	<b>267,054</b>	<b>281,940</b>	<b>314,117</b>	<b>(32,177)</b>
<b>City Council</b>				
Stipends	41,160	41,160	41,860	(700)
<b>Total City Council</b>	<b>41,160</b>	<b>41,160</b>	<b>41,860</b>	<b>(700)</b>
<b>City Clerk</b>				
Salaries	170,109	170,109	172,375	(2,266)
Longevity	2,500	2,500	2,500	--
Social Security	10,702	10,702	10,686	16
Medicare	2,503	2,503	2,499	4
Municipal State Pension	22,163	22,163	22,526	(363)
TIAA-CREF	2,589	2,589	1,746	843
Medical Insurance	34,622	43,598	34,870	8,728
Dental Insurance	1,761	1,761	1,368	393
Dues/subscriptions	80	80	1,312	(1,232)
Non-capital equipment	1,500	1,500	--	1,500
Claims/Settlement	--	32,500	136,214	(103,714)
Other professional services	1,500	1,500	6,613	(5,113)
Technology Software & Advisory	31,500	31,500	--	31,500
Education & Training	1,700	1,700	50	1,650
<b>Total City Clerk</b>	<b>283,229</b>	<b>324,705</b>	<b>392,759</b>	<b>(68,054)</b>
<b>Board of Canvassers</b>				
Election workers	13,200	13,200	43,917	(30,717)
<b>Total Board of Canvassers</b>	<b>13,200</b>	<b>13,200</b>	<b>43,917</b>	<b>(30,717)</b>
<b>Personnel</b>				
Salaries	--	35,000	34,242	758
Social Security	--	2,678	2,027	651
Medicare	--	508	474	34
Municipal State Pension - HR/Benefits	--	350	4,513	(4,163)
TIAA-CREF - HR/Benefits	--	1,750	348	1,402
Medical Insurance	--	8,976	6,087	2,889
Dental Insurance	--	474	84	390
Workers Compensation	124,274	124,274	89,120	35,154
Other professional services	60,000	30,000	30,434	(434)
Education & training	4,500	4,500	3,010	1,490
Employee Relations	3,000	3,000	--	3,000
Testing	14,000	14,000	5,019	8,981
<b>Total Personnel</b>	<b>205,774</b>	<b>225,510</b>	<b>175,358</b>	<b>50,152</b>
<b>Legal</b>				
Salaries	49,451	49,451	49,720	(269)
Social Security	3,066	3,066	2,847	219
Medicare	717	717	666	51
Municipal State Pension	6,349	6,349	6,414	(65)
TIAA-CREF	742	742	497	245
Medical Insurance	14,361	14,361	14,464	(103)
Dental Insurance	756	756	587	169
Professional Development & Training	1,000	1,000	--	1,000
Capital Expenditures - Legal	--	--	15,000	(15,000)
Legal contingencies	15,000	15,000	77,109	(62,109)
Nuisance Task Force Expenses	60,000	60,000	40,000	20,000
Other professional services	121,000	121,000	143,575	(22,575)
<b>Total Legal</b>	<b>272,442</b>	<b>272,442</b>	<b>350,879</b>	<b>(78,437)</b>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Tax Assessor</b>				
Salaries	41,276	41,276	37,704	3,572
Social Security	2,559	2,559	2,121	438
Medicare	599	599	496	103
Municipal State Pension	5,300	5,300	4,816	484
TIAA-CREF	619	619	373	246
Medical Insurance	14,361	14,361	13,267	1,094
Dental Insurance	756	756	539	217
Dues/subscriptions	500	500	167	333
Other professional services	60,000	60,000	60,262	(262)
Technology Software & Advisory	40,000	40,000	13,741	26,259
Education & training	1,000	1,000	--	1,000
Revaluation services	31,000	31,000	--	31,000
<b>Total Tax Assessor</b>	<b>197,970</b>	<b>197,970</b>	<b>133,486</b>	<b>64,484</b>
<b>Finance</b>				
Salaries	395,838	395,838	322,657	73,181
Longevity Pay	6,000	6,000	4,500	1,500
Sick incentive pay	--	--	641	(641)
Grant Writer	--	--	(1,245)	1,245
Social Security	24,315	24,315	20,385	3,930
Medicare	5,687	5,687	4,767	920
Municipal State Pension	50,355	50,355	33,581	16,774
TIAA-CREF	5,883	5,883	2,602	3,281
Medical Insurance	40,521	40,521	32,640	7,881
Dental Insurance	1,753	1,753	912	841
Office Supplies - Finance	2,000	2,000	334	1,666
Postage	18,000	18,000	19,518	(1,518)
Non-capital equipment	500	500	1,547	(1,047)
Collection Agency Fees	500	500	--	500
Bank fees	2,000	2,000	4,796	(2,796)
Accounting/auditing	75,619	75,619	63,751	11,868
Other professional services	80,000	80,000	289,300	(209,300)
Technology Software & Advisory	65,355	65,355	24,705	40,650
Education & training	5,000	5,000	697	4,303
<b>Total Finance</b>	<b>779,326</b>	<b>779,326</b>	<b>826,088</b>	<b>(46,762)</b>
<b>City Property</b>				
Office supplies	8,000	8,000	6,893	1,107
Other supplies	6,000	6,000	7,861	(1,861)
Janitorial Supplies	2,500	2,500	2,581	(81)
Dues/Subscriptions	13,698	13,698	9,613	4,085
Non-capital equipment	5,000	5,000	18,610	(13,610)
Advertising	18,500	18,500	11,748	6,752
IT Consulting services	76,640	76,640	79,449	(2,809)
R&M Contracts - City Buildings	100,150	100,150	152,102	(51,952)
General liability insurance	263,196	263,196	274,668	(11,472)
Capital Expenditures - City Property	12,000	12,000	--	12,000
Miscellaneous expense - City Property	7,000	7,000	3,502	3,498
Heating Fuel - Other City Buildings	45,000	45,000	36,828	8,172
Telephone Other - City Buildings	49,790	49,790	52,597	(2,807)
Repairs/Maint. - Other City Buildings	25,000	25,000	26,854	(1,854)
Water/Sewer - Other City Buildings	180,270	180,270	185,867	(5,597)
Electric - Other City Buildings	101,363	101,363	51,625	49,738
Sewer/ NBC	--	--	47	(47)
Street lights	86,895	86,895	167,802	(80,907)
<b>Total City Property</b>	<b>1,001,002</b>	<b>1,001,002</b>	<b>1,088,647</b>	<b>(87,645)</b>
<b>City Boards</b>				
Pension board	675	675	--	675
Personnel board	--	--	731	(731)
Purchasing board	675	675	675	--
Appeals board	900	900	900	--
Planning board	1,125	1,125	900	225
Zoning board	1,750	1,750	1,625	125
Canvassers board	2,100	2,100	1,400	700
Housing authority board	2,750	2,750	2,750	--
<b>Total City Boards</b>	<b>9,975</b>	<b>9,975</b>	<b>8,981</b>	<b>994</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,071,132</b>	<b>3,147,230</b>	<b>3,376,092</b>	<b>(228,862)</b>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>PUBLIC SAFETY</b>				
<b>Police Department</b>				
Salaries	2,371,556	2,351,556	2,394,363	(42,807)
Police trainee wages	8,323	8,323	--	8,323
Overtime	121,780	121,780	189,408	(67,628)
Community Policing Overtime	14,500	14,500	12,017	2,483
Special Investigations Overtime	20,450	20,450	15,030	5,420
K-9	6,120	6,120	4,153	1,967
Holiday pay	148,982	148,982	148,222	760
Longevity pay	99,000	99,000	96,480	2,520
Detective Stipends	7,800	7,800	7,567	233
Sick Incentive Pay	11,545	11,545	(17,294)	28,839
Clothing/tool allowances	50,400	50,400	51,634	(1,234)
Police education stipend	13,500	13,500	13,000	500
Police Medicare	38,731	38,731	50,512	(11,781)
TIAA-CREF - Police	--	--	11,138	(11,138)
Police Medical Insurance	347,138	356,114	286,387	69,727
Police Dental Insurance	19,623	19,623	14,807	4,816
Office supplies	4,000	4,000	3,902	98
Other supplies	7,000	7,000	6,124	876
Vehicle fuel	56,200	56,200	66,873	(10,673)
Dues/Subscriptions	612	612	812	(200)
Detective supplies	3,990	3,990	3,434	556
Non-capital equipment	9,270	9,270	7,827	1,443
General R & M	15,495	15,495	15,552	(57)
Vehicle R & M	31,622	31,622	37,366	(5,744)
Other professional services	20,000	20,000	66,350	(46,350)
Technology Software & Advisory	87,000	87,000	34,117	52,883
Finger printing	2,305	2,305	640	1,665
Education & training	20,808	20,808	15,767	5,041
College tuitions	36,414	36,414	61,919	(25,505)
Officer Wellness Program	15,000	15,000	5,315	9,685
Capital expenditures - police	--	--	132,497	(132,497)
Salaries (Animal control)	40,364	40,364	40,578	(214)
Overtime (Animal control)	1,224	1,224	(381)	1,605
Longevity pay (Animal control)	2,000	2,000	2,000	--
Sick Incentive Pay (Animal control)	457	457	457	--
Clothing/tool allowance (Animal control)	350	350	350	--
Social Security (Animal control)	2,627	2,627	2,596	31
Medicare (Animal control)	614	614	607	7
Municipal State Pension (Animal control)	5,440	5,440	5,492	(52)
TIAA-CREF - Animal Control	635	635	426	209
Medical Insurance (Animal control)	5,900	5,900	5,943	(43)
Dental Insurance (Animal control)	249	249	194	55
Boarding of animals (Animal control)	3,060	3,060	335	2,725
Clerk & IT Salaries	87,659	87,659	88,105	(446)
Clerk & IT Overtime	4,900	4,900	4,274	626
Clerk & IT Longevity Pay	5,000	5,000	5,000	--
Clerk & IT Sick Incentive Pay	549	549	537	12
Clothing/tool allowances civilian	350	350	350	--
Clerk & IT Social Security	5,745	5,745	5,620	125
Clerk & IT Medicare	1,344	1,344	1,315	29
Municipal State Pension (Civilian Staff)	11,897	11,897	12,008	(111)
TIAA-CREF - Civilian	1,390	1,390	445	945
Clerk & IT Medical Insurance	28,722	28,722	28,928	(206)
Clerk & IT Dental Insurance	1,512	1,512	1,174	338
Dispatcher Salaries	217,072	217,072	191,259	25,813
Dispatcher & Clerk Overtime	40,800	40,800	64,349	(23,549)
Dispatcher Holiday Pay	13,567	13,567	12,256	1,311
Dispatchers Longevity	6,500	6,500	7,000	(500)
Dispatchers Sick Incentive Pay	1,038	1,038	734	304
Dispatcher clothing/tool allowances	1,750	1,750	1,400	350
Dispatcher Social Security	13,861	13,861	16,832	(2,971)
Dispatchers Medicare	3,242	3,242	3,936	(694)
Municipal State Pension (Dispatch)	30,449	30,449	26,988	3,461
TIAA-CREF - Dispatch	3,354	3,354	2,092	1,262
Dispatcher & Clerk Medical Insurance	46,421	46,421	37,811	8,610
Dispatcher & Clerk Dental Insurance	1,753	1,753	1,105	648
Public Safety Dispatcher Shared Equip R&M	3,570	3,570	3,670	(100)
<b>Total Police Department</b>	<b>4,184,529</b>	<b>4,173,505</b>	<b>4,311,704</b>	<b>(138,199)</b>

CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Fire Department</b>				
Salaries-Fire	2,464,393	2,464,393	2,465,651	(1,258)
Fire Trainee Wages	6,000	6,000	--	6,000
Stipend	7,280	7,280	--	7,280
Overtime-Fire	133,507	133,507	238,209	(104,702)
Holiday pay-Fire	151,810	151,810	149,344	2,466
Longevity pay-Fire	70,500	70,500	77,500	(7,000)
Out of rank pay	12,974	12,974	17,703	(4,729)
Mechanic pay	--	--	7,319	(7,319)
Rescue pay	15,000	15,000	37,538	(22,538)
Sick incentive pay -Fire	7,956	7,956	3,200	4,756
Clothing/tool allowance-Fire	41,000	41,000	42,000	(1,000)
Social Security-Fire	--	--	2,121	(2,121)
Medicare-Fire	36,247	36,247	42,229	(5,982)
Municipal State Pension-Fire Clerk	4,807	4,807	4,903	(96)
TIAA-CREF - Fire Clerk	562	562	7,207	(6,645)
Medical Insurance-Fire	491,409	500,385	372,288	128,097
Dental Insurance-Fire	24,408	24,408	22,270	2,138
Other supplies-Fire	23,000	23,000	25,466	(2,466)
Vehicle fuel-Fire	25,000	25,000	20,186	4,814
Dues/subscriptions-Fire	1,500	1,500	810	690
Non-capital equipment-Fire	6,120	6,120	4,275	1,845
Fire Fighter Equipment	30,000	30,000	22,802	7,198
General R & M-Fire	15,000	15,000	19,947	(4,947)
Vehicle R & M-Fire	60,000	60,000	102,486	(42,486)
Technology Software & Advisory	--	--	6,441	(6,441)
Education & training-Fire	25,000	25,000	10,140	14,860
College tuitions-Fire	10,000	10,000	2,742	7,258
Other professional services-Fire	10,900	10,900	25,599	(14,699)
Technology Software & Advisory	21,100	21,100	--	21,100
EMA Service	25,000	25,000	25,000	--
Salaries-Fire Dispatch	143,424	143,424	142,051	1,373
Social Security-Fire Dispatch	8,892	8,892	8,807	85
Medicare-Fire Dispatch	2,080	2,080	2,060	20
Fire Dispatch-Shared Equip Repair	3,000	3,000	3,449	(449)
<b>Total Fire Department</b>	<b>3,877,869</b>	<b>3,886,845</b>	<b>3,911,743</b>	<b>(24,898)</b>
<b>Office of Health</b>				
Salaries/Wages - Office of Health	47,268	97,268	52,390	44,878
Social Security - Office Of Health	2,931	6,756	3,048	3,708
Medicare - Office of Health	685	1,410	713	697
Municipal State Pension - Office of	6,069	6,569	6,757	(188)
TIAA-CREF - Office of Health	709	3,209	524	2,685
Medical Insurance - Office Of Health	14,361	23,337	11,736	11,601
Dental Insurance - Office of Health	756	1,230	568	662
Other Supplies	--	--	3,159	(3,159)
Other Professional Services	16,797	16,797	32,836	(16,039)
<b>Total Office of Health</b>	<b>89,576</b>	<b>156,576</b>	<b>111,731</b>	<b>44,845</b>
<b>Municipal Court</b>				
Salaries - Municipal	45,323	45,323	45,563	(240)
Overtime - Municipal	1,860	1,860	1,109	751
Court Security	520	520	324	196
Longevity Pay	3,500	3,500	3,000	500
Sick Incentive Pay	--	--	--	--
Social Security	2,996	2,996	2,844	152
Medicare	701	701	665	36
Municipal State Pension	6,205	6,205	6,263	(58)
TIAA-CREF - Municipal Court	725	725	607	118
Medical Insurance	14,361	14,361	14,464	(103)
Dental Insurance	756	756	587	169
Office supplies	1,000	1,000	32	968
Municipal Court Judge	14,000	14,000	14,000	--
Technology Software & Advisory	18,300	18,300	12,000	6,300
Other Professional Services - Municipal Court	--	--	6,220	(6,220)
Probate Court Judge	12,000	12,000	12,000	--
<b>Total Municipal Court</b>	<b>122,247</b>	<b>122,247</b>	<b>119,678</b>	<b>2,569</b>



CITY OF CENTRAL FALLS

D-2

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Inspection Officers</b>				
Plumbing officer	5,200	5,200	5,200	--
Electrical inspector	5,200	5,200	5,200	--
<b>Total Inspection Officers</b>	<u>10,400</u>	<u>10,400</u>	<u>10,400</u>	<u>--</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>8,284,621</u>	<u>8,349,573</u>	<u>8,465,256</u>	<u>(115,683)</u>
<b>PUBLIC WORKS</b>				
<b>Highway Department</b>				
Salaries-DPW/Code	622,594	622,594	593,413	29,181
Overtime-DPW/Code	45,000	45,000	48,882	(3,882)
Longevity pay-DPW/Code	18,000	18,000	18,500	(500)
Sick Incentive Pay-DPW/Code	563	563	575	(12)
Clothing/tool allowance-DPW/Code	2,800	2,800	2,800	--
Backhoe License	300	300	300	--
Social Security-DPW/Code	39,717	39,717	39,916	(199)
Medicare-DPW/Code	9,325	9,325	9,335	(10)
Municipal State Pension-DPW/Code	76,167	76,167	76,504	(337)
TIAA-CREF - DPW/Code	7,321	7,321	5,358	1,963
Medical Insurance-DPW/Code	106,426	106,426	110,351	(3,925)
Dental Insurance-DPW/Code	5,541	5,541	4,367	1,174
Other supplies-DPW/Code	2,500	2,500	11,921	(9,421)
Other Professional Services-DPW/Code	25,000	25,000	33,170	(8,170)
Education & training-DPW/Code	3,000	3,000	4,951	(1,951)
Property protection-DPW/Code	1,000	1,000	--	1,000
Vehicle Fuel-DPW/Code	15,000	15,000	14,081	919
Non-capital equipment-DPW/Code	6,000	6,000	792	5,208
Winter road supplies-DPW/Code	40,000	40,000	13,350	26,650
General R & M-DPW/Code	12,500	12,500	25,331	(12,831)
Vehicle R & M-DPW/Code	55,000	55,000	46,865	8,135
DPW Building R&M-DPW/Code	2,000	2,000	--	2,000
Road R & M-DPW/Code	25,000	25,000	38,341	(13,341)
Traffic Signal R & M-DPW/Code	6,000	6,000	1,855	4,145
Street Lights	--	--	15,377	(15,377)
Safety Equipment - DPW / Code	1,500	1,500	--	1,500
Technology Software & Advisory	17,000	17,000	--	17,000
Capital Expenditures-DPW/Code	--	--	--	--
Misc. Highway-DPW/Code	1,500	1,500	972	528
<b>Total Highway Department</b>	<u>1,146,754</u>	<u>1,146,754</u>	<u>1,117,307</u>	<u>29,447</u>
<b>Public Works</b>				
Solid waste removal/disposal	280,000	280,000	457,766	(177,766)
Trash Removal/Recycling	703,050	703,050	541,100	161,950
<b>Total Public Works</b>	<u>983,050</u>	<u>983,050</u>	<u>998,866</u>	<u>(15,816)</u>
<b>TOTAL PUBLIC WORKS</b>	<u>2,129,804</u>	<u>2,129,804</u>	<u>2,116,173</u>	<u>13,631</u>
<b>PUBLIC EDUCATION</b>				
<b>Library</b>				
City Contribution	118,825	118,825	118,457	368
State Library Grant-In-Aid	31,384	31,384	31,752	(368)
<b>TOTAL PUBLIC EDUCATION</b>	<u>150,209</u>	<u>150,209</u>	<u>150,209</u>	<u>--</u>
<b>PUBLIC RECREATION</b>				
<b>Parks, Recreation And Community Service</b>				
Salaries	96,591	96,591	78,117	18,474
Temporary Salary	22,496	22,496	34,093	(11,597)
Stipends	7,500	7,500	4,825	2,675
Street Beautification Workers	39,000	39,000	41,292	(2,292)
Social Security	7,895	7,895	9,480	(1,585)
Medicare	3,184	3,184	2,217	967
Municipal State Pension	12,402	12,402	12,434	(32)
TIAA-CREF - Parks/Recreation	1,449	1,449	963	486
Medical Insurance	11,800	11,800	6,469	5,331
Dental Insurance	498	498	211	287
Salaries-Afterschool	10,000	10,000	945	9,055
Social Security-Afterschool Program	620	620	59	561
Medicare-Afterschool Program	450	450	14	436
Elderly Program	5,000	5,000	2,921	2,079
Other supplies	10,000	10,000	12,752	(2,752)
General R & M	15,300	15,300	14,458	842
Other professional services	--	--	6,705	(6,705)
Public events & activities	24,000	24,000	30,908	(6,908)
Mundialito Soccer Expenses	--	--	5,053	(5,053)
Education and Training	1,000	1,000	6,370	(5,370)
Misc. recreation	100	100	--	100
<b>Total Parks, Recreation and Community Service</b>	<u>269,285</u>	<u>269,285</u>	<u>270,286</u>	<u>(1,001)</u>

## CITY OF CENTRAL FALLS

D-2

## GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL "BUDGETARY BASIS"  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Planning</b>				
Salaries	245,457	242,957	200,392	42,565
Social Security	15,257	15,257	13,860	1,397
Medicare	3,568	3,568	3,241	327
Municipal State Pension	33,405	33,405	29,266	4,139
TIAA-CREF - Planning	3,984	3,984	2,268	1,716
Medical Insurance	34,016	34,016	28,172	5,844
Dental Insurance	1,761	1,761	1,009	752
Other supplies	2,000	2,000	735	1,265
Technology Software & Advisory	--	--	5,700	(5,700)
Education/Training	9,000	9,000	1,097	7,903
Capital expenditures	--	--	83,325	(83,325)
Other Professional Services	13,500	13,500	19,453	(5,953)
<b>Total Planning</b>	<u>361,948</u>	<u>359,448</u>	<u>388,518</u>	<u>(29,070)</u>
<b>TOTAL PUBLIC RECREATION</b>	<u>631,233</u>	<u>628,733</u>	<u>658,804</u>	<u>(30,071)</u>
<b>CITY DEBT SERVICE</b>				
Bond principal	779,000	779,000	779,000	--
Bond interest	172,513	172,513	227,027	(54,514)
Lease purchase/debt restructure	--	--	--	--
Other debt fees	12,000	12,000	4,058	7,942
Lease purchase	--	--	--	--
<b>TOTAL CITY DEBT SERVICE</b>	<u>963,513</u>	<u>963,513</u>	<u>1,010,085</u>	<u>(46,572)</u>
<b>COVID-19</b>				
Salaries	--	--	4,563	(4,563)
Overtime	--	--	68,076	(68,076)
Social Security	--	--	283	(283)
Medicare	--	--	1,018	(1,018)
Other supplies	--	--	2,884	(2,884)
Other professional services	--	--	74,503	(74,503)
Miscellaneous expense	--	--	8,346	(8,346)
<b>TOTAL COVID-19</b>	<u>--</u>	<u>--</u>	<u>159,673</u>	<u>(159,673)</u>
<b>OTHER CITY GOVERNMENT</b>				
Compensated absences	56,892	56,892	83,151	(26,259)
Unemployment compensation	5,000	5,000	28,311	(23,311)
Group Life	11,000	11,000	11,175	(175)
Medical insurance	5,000	5,000	129,247	(124,247)
OPEB	60,000	60,000	60,000	--
HRA - Health Reimbursement	130,000	130,000	120,660	9,340
Repayment to State of RI - Receivership Costs	421,467	421,467	421,467	--
School Building Expenses	175,000	175,000	62,698	112,302
<b>TOTAL OTHER CITY GOVERNMENT</b>	<u>864,359</u>	<u>864,359</u>	<u>916,709</u>	<u>(52,350)</u>
<b>RESERVE</b>				
0.59% of total budget	--	116,715	--	116,715
<b>TOTAL RESERVE</b>	<u>--</u>	<u>116,715</u>	<u>--</u>	<u>116,715</u>
<b>RETIREMENT</b>				
Public Pension - JH Other Paygo	2,670,342	2,670,342	2,848,670	(178,328)
<b>TOTAL RETIREMENT</b>	<u>2,670,342</u>	<u>2,670,342</u>	<u>2,848,670</u>	<u>(178,328)</u>
<b>TOTAL EXPENDITURES</b>	<u>18,765,213</u>	<u>19,020,478</u>	<u>19,701,671</u>	<u>(681,193)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>				
<b>OTHER USES - BUDGETARY BASIS</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 435,266</u>	<u>\$ 435,266</u>

**CITY OF CENTRAL FALLS**

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**BUDGETARY AND LEGAL COMPLIANCE**

**FOR THE YEAR ENDED JUNE 30, 2021**

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

<b>Total budgetary revenues and other financing sources</b>	\$	20,136,937
Reclassification of:		
Property tax revenue - sixty-day rule		173,700
Prior years property tax revenue - sixty-day rule		<u>(259,117)</u>
<b>Total GAAP revenues and other financing sources</b>	\$	<u><u>20,051,520</u></u>
<b>Total budgetary expenditures and other financing uses</b>	\$	19,701,671
Transfer to other funds, not part of budget		<u>63,247</u>
<b>Total GAAP expenditures and other financing uses</b>	\$	<u><u>19,764,918</u></u>

CITY OF CENTRAL FALLS

SCHEDULE OF CHANGES IN CITY OF CENTRAL FALLS

D-4

NET PENSION LIABILITY AND RELATED RATIOS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - GENERAL EMPLOYEES  
FOR THE LAST SEVEN FISCAL YEARS

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015	Year Ended June 30, 2014
<b>A. Total pension liability</b>							
1. Service Cost	\$ 129,484	\$ 125,414	\$ 137,303	\$ 127,458	\$ 116,360	\$ 105,194	\$ 112,984
2. Interest on the Total Pension Liability	531,866	530,401	540,961	505,170	500,546	514,938	510,493
3. Changes of benefit terms	--	--	--	--	--	(12,537)	--
4. Difference between expected and actual experience of the Total Pension Liability	101,452	(149,167)	(363,438)	491,539	(2,161)	(254,173)	--
5. Changes of assumptions	(35,587)	--	--	344,688	--	--	(24,723)
6. Benefit payments, including refunds of employee contributions	(499,970)	(475,542)	(443,944)	(518,780)	(598,500)	(503,299)	(567,898)
7. Net change in total pension liability	227,245	31,106	(129,118)	950,075	16,245	(149,877)	30,856
8. Total pension liability – beginning	7,783,323	7,752,217	7,881,335	6,931,260	6,915,015	7,064,892	7,034,036
9. Total pension liability – ending (a)	<u>\$ 8,010,568</u>	<u>\$ 7,783,323</u>	<u>\$ 7,752,217</u>	<u>\$ 7,881,335</u>	<u>\$ 6,931,260</u>	<u>\$ 6,915,015</u>	<u>\$ 7,064,892</u>
<b>B. Plan fiduciary net position</b>							
1. Contributions – employer	\$ 280,306	\$ 294,806	\$ 275,704	\$ 287,795	\$ 269,399	\$ 266,285	\$ 162,612
2. Contributions – employee	32,673	36,423	39,609	39,027	35,604	18,326	16,471
3. Net investment income	191,079	328,815	381,632	515,888	(1,594)	114,533	665,429
4. Benefit payments, including refunds of employee contributions	(499,970)	(475,542)	(443,944)	(518,780)	(598,500)	(503,299)	(567,898)
5. Pension Plan Administrative Expense	(5,265)	(5,140)	(5,080)	(53,622)	(4,288)	(4,621)	(4,167)
6. Other	(29,299)	(15,105)	(5,655)	(4,874)	4,596	(146)	(28,883)
7. Net change in plan fiduciary net position	(30,476)	164,257	242,266	265,434	(294,783)	(108,922)	243,564
8. Plan fiduciary net position – beginning	5,264,384	5,100,127	4,857,861	4,592,427	4,887,210	4,996,132	4,752,568
9. Plan fiduciary net position – ending (b)	<u>\$ 5,233,908</u>	<u>\$ 5,264,384</u>	<u>\$ 5,100,127</u>	<u>\$ 4,857,861</u>	<u>\$ 4,592,427</u>	<u>\$ 4,887,210</u>	<u>\$ 4,996,132</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 2,776,660</u>	<u>\$ 2,518,939</u>	<u>\$ 2,652,090</u>	<u>\$ 3,023,474</u>	<u>\$ 2,338,833</u>	<u>\$ 2,027,805</u>	<u>\$ 2,068,760</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	65.34%	67.64%	65.79%	61.64%	66.26%	70.68%	70.72%
<b>E. Covered employee payroll</b>	<u>\$ 2,133,185</u>	<u>\$ 2,055,974</u>	<u>\$ 2,189,847</u>	<u>\$ 2,134,978</u>	<u>\$ 1,972,211</u>	<u>\$ 1,832,653</u>	<u>\$ 1,647,003</u>
<b>F. Net pension liability as a percentage of covered payroll</b>	130.16%	122.52%	121.11%	141.62%	118.59%	110.65%	125.61%

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

**CITY OF CENTRAL FALLS**

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**SCHEDULE OF CHANGES IN CITY OF CENTRAL FALLS  
NET PENSION LIABILITY AND RELATED RATIOS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE & FIRE**

	Year Ended June 30, 2020
<b>A. Total pension liability</b>	
1. Service Cost	\$ 38,611
2. Interest on the Total Pension Liability	1,351
3. Changes of benefit terms	--
4. Difference between expected and actual experience of the Total Pension Liability	--
5. Changes of assumptions	--
6. Benefit payments, including refunds of employee contributions	--
7. Net change in total pension liability	39,962
8. Total pension liability – beginning	--
9. Total pension liability – ending (a)	<u>\$ 39,962</u>
<b>B. Plan fiduciary net position</b>	
1. Contributions – employer	\$ 18,895
2. Contributions – employee	17,725
3. Net investment income	1,386
4. Benefit payments, including refunds of employee contributions	--
5. Pension Plan Administrative Expense	(38)
6. Other	(1)
7. Net change in plan fiduciary net position	37,967
8. Plan fiduciary net position – beginning	--
9. Plan fiduciary net position – ending (b)	<u>\$ 37,967</u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 1,995</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	95.01%
<b>E. Covered employee payroll</b>	<u>\$ 177,249</u>
<b>F. Net pension liability as a percentage of covered payroll</b>	1.13%

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

**CITY OF CENTRAL FALLS**

**SCHEDULE OF CHANGES IN CITY OF CENTRAL FALLS**

**D-6**

**NET PENSION LIABILITY AND RELATED RATIOS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE & FIRE (LEGACY)**

	Year Ended June 30, 2020
<hr/>	
<b>A. Total pension liability</b>	
1. Service Cost	\$ 856,801
2. Interest on the Total Pension Liability	2,749,832
3. Changes of benefit terms	--
4. Difference between expected and actual experience of the Total Pension Liability	1,610,790
5. Changes of assumptions	1,831,059
6. Benefit payments, including refunds of employee contributions	<u>(2,416,234)</u>
7. Net change in total pension liability	4,632,248
8. Total pension liability – beginning	<u>36,621,180</u>
9. Total pension liability – ending (a)	<u><u>\$ 41,253,428</u></u>
<b>B. Plan fiduciary net position</b>	
1. Contributions – employer	\$ 2,558,734
2. Contributions – employee	528,883
3. Net investment income	1,301,848
4. Benefit payments, including refunds of employee contributions	(2,416,234)
5. Pension Plan Administrative Expense	(74,411)
6. Other	<u>(17,995)</u>
7. Net change in plan fiduciary net position	1,880,825
8. Plan fiduciary net position – beginning	<u>11,474,800</u>
9. Plan fiduciary net position – ending (b)	<u><u>\$ 13,355,625</u></u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u><u>\$ 27,897,803</u></u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	0.00%
<b>E. Covered employee payroll</b>	<u><u>\$ 4,333,844</u></u>
<b>F. Net pension liability as a percentage of covered payroll</b>	643.72%

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

CITY OF CENTRAL FALLS

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SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - GENERAL EMPLOYEES  
FOR THE LAST SEVEN FSICAL YEARS

	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Actuarially determined contribution	\$ 280,306	\$ 294,806	\$ 275,704	\$ 287,795	\$ 269,399	\$ 266,285	\$ 162,612
Contributions in relation to the actuarially determined contribution	<u>280,306</u>	<u>294,806</u>	<u>275,704</u>	<u>287,795</u>	<u>269,399</u>	<u>266,285</u>	<u>162,612</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered-employee payroll	<u>\$ 2,133,185</u>	<u>\$ 2,055,974</u>	<u>\$ 2,189,847</u>	<u>\$ 2,134,978</u>	<u>\$ 1,972,211</u>	<u>\$ 1,832,653</u>	<u>\$ 1,647,003</u>
Contributions as a percentage of covered-employee payroll	13.14%	14.34%	12.59%	13.48%	13.66%	14.53%	9.87%

**Notes:**

1.) 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.

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

CITY OF CENTRAL FALLS

D-8

SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE & FIRE

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	<u>Fiscal 2020</u>
Actuarially determined contribution	\$ 18,895
Contributions in relation to the actuarially determined contribution	<u>18,895</u>
Contribution deficiency (excess)	<u>\$ --</u>
Covered-employee payroll	<u>\$ 177,249</u>
Contributions as a percentage of covered-employee payroll	10.66%

**Notes:**

1.) *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.*

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



CITY OF CENTRAL FALLS

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SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS  
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - POLICE & FIRE (LEGACY)

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	<u>Fiscal 2020</u>
Actuarially determined contribution	\$ 2,558,734
Contributions in relation to the actuarially determined contribution	<u>2,558,734</u>
Contribution deficiency (excess)	<u>\$ --</u>
Covered-employee payroll	<u>\$ 4,333,844</u>
Contributions as a percentage of covered-employee payroll	59.04%

**Notes:**

1.) 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.

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

## CITY OF CENTRAL FALLS

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SCHEDULE OF CHANGES IN THE CITY OF CENTRAL FALLS  
NET OPEB LIABILITY AND RELATED RATIOS  
CITY PLAN  
FOR THE LAST FIVE FISCAL YEARS

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017
<b>A. Total OPEB liability</b>					
1. Service Cost	\$ 83,470	\$ 66,451	\$ 755,714	\$ 62,911	\$ 60,202
2. Interest on Liability and Service Cost	239,591	225,808	365,321	298,293	286,327
3. Experience (Gain) and Loss	(250,146)	--	(2,163,172)	--	--
4. Benefit Payments	(119,136)	(131,661)	(125,991)	(193,377)	(186,131)
5. Net change in total OPEB liability	(46,221)	160,598	(1,168,128)	167,827	160,398
6. Total OPEB liability – beginning	3,169,565	3,008,967	4,177,095	4,009,268	3,848,869
7. Total OPEB liability – ending (a)	\$ 3,123,344	\$ 3,169,565	\$ 3,008,967	\$ 4,177,095	\$ 4,009,267
<b>B. Plan fiduciary net position</b>					
1. Contributions – employer	\$ 179,136	\$ 231,661	\$ 325,991	\$ 193,377	\$ 293,377
2. Benefit Payments	(119,136)	(131,661)	(125,991)	(193,377)	(193,377)
3. Expenses	(1,209)	(1,209)	(869)	(285)	(285)
4. Investment Income	186,197	22,985	38,207	19,053	13,683
5. Net change in plan fiduciary net position	244,988	121,776	237,338	18,768	113,398
6. Plan fiduciary net position – beginning	599,441	477,665	240,327	221,559	108,160
7. Plan fiduciary net position – ending (b)	\$ 844,429	\$ 599,441	\$ 477,665	\$ 240,327	\$ 221,558
<b>C. Net OPEB liability - ending (a) - (b)</b>	\$ 2,278,915	\$ 2,570,124	\$ 2,531,302	\$ 3,936,768	\$ 3,787,709
<b>D. Plan fiduciary net position as a percentage of the total OPEB liability</b>	27.04%	18.91%	15.87%	5.75%	5.53%
<b>E. Covered employee payroll</b>	\$ 7,703,834	\$ 7,761,579	\$ 7,535,514	\$ 7,025,436	\$ 6,787,861
<b>F. Net OPEB liability as a percentage of covered payroll</b>	29.58%	33.11%	33.59%	56.04%	55.80%

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

**CITY OF CENTRAL FALLS**

D-11

**SCHEDULE OF CITY OF CENTRAL FALLS CONTRIBUTIONS  
OTHER POST EMPLOYMENT BENEFITS  
FOR THE LAST FIVE FISCAL YEARS**

	Fiscal 2021	Fiscal 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017
Actuarially determined contribution	\$ 208,280	\$ 100,000	\$ 60,000	\$ 100,000	\$ 284,360
Contributions in relation to the actuarially determined contribution	<u>179,136</u>	<u>231,661</u>	<u>325,991</u>	<u>193,377</u>	<u>293,377</u>
Contribution deficiency (excess)	<u>\$ 29,144</u>	<u>\$ (131,661)</u>	<u>\$ (265,991)</u>	<u>\$ (93,377)</u>	<u>\$ (9,017)</u>
Covered-employee payroll	<u>\$ 7,703,834</u>	<u>\$ 7,761,579</u>	<u>\$ 7,535,514</u>	<u>\$ 7,025,436</u>	<u>\$ 6,787,861</u>
Contributions as a percentage of covered-employee payroll	2.33%	2.98%	4.33%	2.75%	4.32%

**Notes:**

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

# CITY OF CENTRAL FALLS

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### FOR THE YEAR ENDED JUNE 30, 2021

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#### **Municipal Employees Retirement Plan**

##### **Schedule of Proportionate Share of the Net Pension Liability (Asset)**

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

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

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

##### ***June 30, 2020 measurement date –***

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

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

##### ***June 30, 2019 measurement date –***

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

##### ***June 30, 2018 measurement date –***

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2018 measurement date compared to the June 30, 2017 measurement date.

# CITY OF CENTRAL FALLS

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### FOR THE YEAR ENDED JUNE 30, 2021

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#### **Municipal Employees Retirement Plan) (Continued)**

#### **Schedule of Proportionate Share of the Net Pension Liability (Asset) (Continued)**

##### *June 30, 2017 measurement date –*

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

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

##### *June 30, 2016 measurement date –*

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

##### *June 30, 2015 measurement date –*

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

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

# CITY OF CENTRAL FALLS

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### FOR THE YEAR ENDED JUNE 30, 2021

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#### **Municipal Employees Retirement Plan) (Continued)**

#### **Schedule of Proportionate Share of the Net Pension Liability (Asset) (Continued)**

#### *June 30, 2015 measurement date (Continued) –*

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4-year rather than 5-year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CENTRAL FALLS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

E-1

**JUNE 30, 2021**

	<b>CDBG Revolving</b>	<b>CDBG 2015</b>	<b>CDBG 2016</b>	<b>CDBG 2017</b>	<b>CDBG 2018</b>	<b>Planning Projects Fund</b>	<b>Cogswell Tower</b>	<b>Take It Outside</b>	<b>Recreation Food Program</b>
<b>Assets</b>									
Cash and cash equivalents	\$ 10	\$ --	\$ --	\$ --	\$ --	\$ 152,558	\$ --	\$ --	\$ --
Due from federal and state governments	--	--	88,037	25,000	1,057,034	--	--	--	--
Due from other funds	--	--	228,574	--	--	385,067	3,660	--	273,789
<b>Total Assets</b>	<u>10</u>	<u>--</u>	<u>316,611</u>	<u>25,000</u>	<u>1,057,034</u>	<u>537,625</u>	<u>3,660</u>	<u>--</u>	<u>273,789</u>
<b>Liabilities</b>									
Due to other funds	10	--	212,556	--	--	537,625	--	104	203,654
Unearned revenue	--	--	88,024	25,000	1,057,034	--	--	--	--
<b>Total Liabilities</b>	<u>10</u>	<u>--</u>	<u>300,580</u>	<u>25,000</u>	<u>1,057,034</u>	<u>537,625</u>	<u>--</u>	<u>104</u>	<u>203,654</u>
<b>Fund Balance</b>									
Restricted	--	--	16,031	--	--	--	3,660	--	70,135
Unassigned	--	--	--	--	--	--	--	(104)	--
<b>Total Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,031</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,660</u>	<u>\$ (104)</u>	<u>\$ 70,135</u>



**CITY OF CENTRAL FALLS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

E-1

**JUNE 30, 2021**

	Blackstone Bike Way	City Clerk Historical Trust	City Claims Settlements	Mortgage Foreclosure	Rhode Island Department of Health	RIGHA RI Foundation Grant	NIH=ACTG Emergency Response	Renewable Energy
<b>Assets</b>								
Cash and cash equivalents	\$ --	\$ 44,073	\$ --	\$ 24,884	\$ 193,264	\$ --	\$ --	\$ 10
Due from federal and state governments	--	--	--	--	--	--	37,000	--
Due from other funds	--	30,457	13,308	313,898	184,487	5,764	--	278,813
<b>Total Assets</b>	<u>--</u>	<u>74,530</u>	<u>13,308</u>	<u>338,782</u>	<u>377,751</u>	<u>5,764</u>	<u>37,000</u>	<u>278,823</u>
<b>Liabilities</b>								
Due to other funds	--	68,518	13,308	339,049	257,857	--	37,000	10
<b>Total Liabilities</b>	<u>--</u>	<u>68,518</u>	<u>13,308</u>	<u>339,049</u>	<u>257,857</u>	<u>--</u>	<u>37,000</u>	<u>10</u>
<b>Fund Balance</b>								
Restricted	--	6,012	--	--	119,894	5,764	--	278,813
Unassigned	--	--	--	(267)	--	--	--	--
<b>Total Fund Balance</b>	<u>\$ --</u>	<u>\$ 6,012</u>	<u>\$ --</u>	<u>\$ (267)</u>	<u>\$ 119,894</u>	<u>\$ 5,764</u>	<u>\$ --</u>	<u>\$ 278,813</u>

**CITY OF CENTRAL FALLS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

E-1

**JUNE 30, 2021**

	COVID-19 MicroE	The Landing	Champs Grant	Arbor Day Green Space	COVID-19 Youth Ambassador Program	Police School Violence Protection Program	Higginson Field	Turf Field	DOJ COVID Grant
<b>Assets</b>									
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ 19,885	\$ --	\$ --	\$ --	\$ --	\$ --
Due from federal and state governments	--	1,369	--	--	--	--	--	--	--
Due from other funds	--	469,700	--	--	--	--	--	--	--
<b>Total Assets</b>	<u>--</u>	<u>471,069</u>	<u>--</u>	<u>19,885</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Liabilities</b>									
Due to other funds	--	579,421	5	19,875	--	--	--	619	--
<b>Total Liabilities</b>	<u>--</u>	<u>579,421</u>	<u>5</u>	<u>19,875</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>619</u>	<u>--</u>
<b>Fund Balance</b>									
Restricted	--	--	--	10	--	--	--	--	--
Unassigned	--	(108,352)	(5)	--	--	--	--	(619)	--
<b>Total Fund Balance</b>	<u>\$ --</u>	<u>\$ (108,352)</u>	<u>\$ (5)</u>	<u>\$ 10</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (619)</u>	<u>\$ --</u>

**CITY OF CENTRAL FALLS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

E-1

**JUNE 30, 2021**

	<b>Macomber Stadium</b>	<b>Community Center</b>	<b>Mayors Office</b>	<b>RI Housing Leadsafe</b>	<b>Rhode Island Infrastructure Bank 2019</b>	<b>Police Federal Forfeiture</b>	<b>Police State Forfeiture</b>	<b>Police Seizures Escrow</b>	<b>JAG Grant</b>
<b>Assets</b>									
Cash and cash equivalents	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 51,943	\$ 37,032	\$ 143,634	\$ --
Cash held in escrow - Rhode Island Infrastructure Bank	--	--	--	--	327,493	--	--	--	--
Due from other funds	50,000	1,000	--	--	--	17,365	--	--	54,800
<b>Total Assets</b>	<u>50,000</u>	<u>1,000</u>	<u>--</u>	<u>--</u>	<u>327,493</u>	<u>69,308</u>	<u>37,032</u>	<u>143,634</u>	<u>54,800</u>
<b>Liabilities</b>									
Accounts payable	--	--	--	--	--	--	--	--	3,925
Deposits held for others	--	--	--	--	--	--	--	88,950	--
Due to other funds	--	--	5,820	--	--	74,120	62,248	51,593	50,233
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>5,820</u>	<u>--</u>	<u>--</u>	<u>74,120</u>	<u>62,248</u>	<u>140,543</u>	<u>54,158</u>
<b>Fund Balance</b>									
Nonspendable	--	--	--	--	327,493	--	--	--	--
Restricted	50,000	1,000	--	--	--	--	--	3,091	642
Unassigned	--	--	(5,820)	--	--	(4,812)	(25,216)	--	--
<b>Total Fund Balance</b>	<u>\$ 50,000</u>	<u>\$ 1,000</u>	<u>\$ (5,820)</u>	<u>\$ --</u>	<u>\$ 327,493</u>	<u>\$ (4,812)</u>	<u>\$ (25,216)</u>	<u>\$ 3,091</u>	<u>\$ 642</u>

**CITY OF CENTRAL FALLS**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**

E-1

JUNE 30, 2021

	School Bldg Capital	Emergency Equipment Replacement	Recycling Account	Property Development	Redevelopment Agency	TOTALS
<b>Assets</b>						
Cash and cash equivalents	\$ 111	\$ --	\$ --	\$ --	\$ 10	\$ 667,414
Cash held in escrow - RIIB	--	--	--	--	--	327,493
Due from federal and state governments	--	--	--	--	--	1,208,440
Due from other funds	--	590	19,383	161,180	419,426	2,911,261
<b>Total Assets</b>	<u>111</u>	<u>590</u>	<u>19,383</u>	<u>161,180</u>	<u>419,436</u>	<u>5,114,608</u>
<b>Liabilities</b>						
Accounts payable	--	--	--	--	--	3,925
Deposits held for others	--	--	--	--	--	88,950
Due to other funds	258,121	--	2,144	5,255	211,535	2,990,680
Unearned revenue	--	--	--	--	--	1,170,058
<b>Total Liabilities</b>	<u>258,121</u>	<u>--</u>	<u>2,144</u>	<u>5,255</u>	<u>211,535</u>	<u>4,253,613</u>
<b>Fund Balance</b>						
Nonspendable	--	--	--	--	--	327,493
Restricted	--	590	17,239	155,925	207,901	936,707
Unassigned	(258,010)	--	--	--	--	(403,205)
<b>Total Fund Balance</b>	<u>\$ (258,010)</u>	<u>\$ 590</u>	<u>\$ 17,239</u>	<u>\$ 155,925</u>	<u>\$ 207,901</u>	<u>\$ 860,995</u>

**CITY OF CENTRAL FALLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>CDBG Revolving</b>	<b>CDBG 2015</b>	<b>CDBG 2016</b>	<b>CDBG 2017</b>	<b>CDBG 2018</b>	<b>Planning Projects Fund</b>	<b>Cogswell Tower</b>	<b>Take It Outside</b>	<b>Recreation Food Program</b>
<b>Revenues</b>									
Intergovernmental	\$ --	\$ 79,661	\$ 50,268	\$ 521,250	\$ 37,966	\$ --	\$ 50,000	\$ 73,338	\$ --
<b>Total Revenues</b>	<u>--</u>	<u>79,661</u>	<u>50,268</u>	<u>521,250</u>	<u>37,966</u>	<u>--</u>	<u>50,000</u>	<u>73,338</u>	<u>--</u>
<b>Expenditures</b>									
General government	--	53,972	--	21,250	5,221	--	--	23,782	100
Planning	--	2,517	--	--	--	--	--	--	--
Recreation	--	--	17,444	--	--	12,742	--	--	119
Capital outlays	--	19,918	16,793	500,000	32,745	56,175	46,340	49,660	--
<b>Total Expenditures &amp; Capital Outlays</b>	<u>--</u>	<u>76,407</u>	<u>34,237</u>	<u>521,250</u>	<u>37,966</u>	<u>68,917</u>	<u>46,340</u>	<u>73,442</u>	<u>219</u>
<b>Excess of Revenue Over (Under)</b>									
<b>Expenditures Before Transfers</b>	<u>--</u>	<u>3,254</u>	<u>16,031</u>	<u>--</u>	<u>--</u>	<u>(68,917)</u>	<u>3,660</u>	<u>(104)</u>	<u>(219)</u>
Transfers in	--	--	--	--	--	68,917	--	--	--
Transfer out	--	(3,254)	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>(3,254)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>68,917</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>--</u>	<u>--</u>	<u>16,031</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,660</u>	<u>(104)</u>	<u>(219)</u>
<b>Fund Balance - Beginning of Year, restated</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>70,354</u>
<b>Fund Balance - End of Year</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,031</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,660</u>	<u>\$ (104)</u>	<u>\$ 70,135</u>

**CITY OF CENTRAL FALLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Blackstone Bike Way</b>	<b>City Clerk Historical Trust</b>	<b>City Claims Settlements</b>	<b>Mortgage Foreclosure</b>	<b>Rhode Island Department of Health</b>	<b>RIGHA RI Foundation Grant</b>	<b>NIH=ACTG Emergency Response</b>	<b>Renewable Energy</b>
<b>Revenues</b>								
Interest and investment income	\$ --	\$ 46	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	465,278	--	--	--	200,000	--	117,480	--
<b>Total Revenues</b>	<u>465,278</u>	<u>46</u>	<u>--</u>	<u>--</u>	<u>200,000</u>	<u>--</u>	<u>117,480</u>	<u>--</u>
<b>Expenditures</b>								
General government	--	--	--	267	239,453	--	117,480	--
Recreation	23,328	--	--	--	--	--	--	--
Capital outlays	441,950	--	--	--	--	--	--	--
<b>Total Expenditures &amp; Capital Outlays</b>	<u>465,278</u>	<u>--</u>	<u>--</u>	<u>267</u>	<u>239,453</u>	<u>--</u>	<u>117,480</u>	<u>--</u>
<b>Excess of Revenue Over (Under)</b>								
<b>Expenditures Before Transfers</b>	<u>--</u>	<u>46</u>	<u>--</u>	<u>(267)</u>	<u>(39,453)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Transfer out	--	--	--	--	(26,072)	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(26,072)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>--</u>	<u>46</u>	<u>--</u>	<u>(267)</u>	<u>(65,525)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Fund Balance - Beginning of Year, restated</b>	<u>--</u>	<u>5,966</u>	<u>--</u>	<u>--</u>	<u>185,419</u>	<u>5,764</u>	<u>--</u>	<u>278,813</u>
<b>Fund Balance - End of Year</b>	<u>\$ --</u>	<u>\$ 6,012</u>	<u>\$ --</u>	<u>\$ (267)</u>	<u>\$ 119,894</u>	<u>\$ 5,764</u>	<u>\$ --</u>	<u>\$ 278,813</u>

**CITY OF CENTRAL FALLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	COVID-19 MicroE	The Landing	Champs Grant	Arbor Day Green Space	COVID-19 Youth Ambassador Program	Police School Violence Protection Program	Higginson Field	Turf Field	DOJ COVID Grant
<b>Revenues</b>									
Intergovernmental	\$ 31,600	\$ 471,069	\$ --	\$ 19,875	\$ --	\$ 13,238	\$ 250,000	\$ 10,000	\$ 30,940
<b>Total Revenues</b>	<u>31,600</u>	<u>471,069</u>	<u>--</u>	<u>19,875</u>	<u>--</u>	<u>13,238</u>	<u>250,000</u>	<u>10,000</u>	<u>30,940</u>
<b>Expenditures</b>									
General government	26,600	18,227	--	--	--	--	--	--	30,940
Planning	--	--	--	19,875	--	13,238	--	--	--
Recreation	5,000	--	--	--	26,072	--	--	--	--
Capital outlays	--	561,194	--	--	--	--	250,000	10,619	--
<b>Total Expenditures &amp; Capital Outlays</b>	<u>31,600</u>	<u>579,421</u>	<u>--</u>	<u>19,875</u>	<u>26,072</u>	<u>13,238</u>	<u>250,000</u>	<u>10,619</u>	<u>30,940</u>
<b>Excess of Revenue Over (Under)</b>									
<b>Expenditures Before Transfers</b>	<u>--</u>	<u>(108,352)</u>	<u>--</u>	<u>--</u>	<u>(26,072)</u>	<u>--</u>	<u>--</u>	<u>(619)</u>	<u>--</u>
Transfers in	--	--	--	10	26,072	--	--	--	--
Transfer out	--	--	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10</u>	<u>26,072</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>--</u>	<u>(108,352)</u>	<u>--</u>	<u>10</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(619)</u>	<u>--</u>
<b>Fund Balance - Beginning of Year, restated</b>	<u>--</u>	<u>--</u>	<u>(5)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ --</u>	<u>\$ (108,352)</u>	<u>\$ (5)</u>	<u>\$ 10</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (619)</u>	<u>\$ --</u>

**CITY OF CENTRAL FALLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Macomber Stadium</b>	<b>Community Center</b>	<b>Mayors Office</b>	<b>RI Housing Leadsafe</b>	<b>Rhode Island Infrastructure Bank 2019</b>	<b>Police Federal Forfeiture</b>	<b>Police State Forfeiture</b>	<b>Police Seizures Escrow</b>	<b>JAG Grant</b>
<b>Revenues</b>									
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 66	\$ --	\$ 143	\$ --
Intergovernmental	50,000	1,000	--	20,954	--	--	8,348	--	28,677
<b>Total Revenues</b>	<u>50,000</u>	<u>1,000</u>	<u>--</u>	<u>20,954</u>	<u>--</u>	<u>66</u>	<u>8,348</u>	<u>143</u>	<u>28,677</u>
<b>Expenditures</b>									
General government	--	--	5,820	20,954	--	2,000	--	--	11,412
Capital outlays	--	--	--	--	379,511	28,157	--	--	17,265
<b>Total Expenditures &amp; Capital Outlays</b>	<u>--</u>	<u>--</u>	<u>5,820</u>	<u>20,954</u>	<u>379,511</u>	<u>30,157</u>	<u>--</u>	<u>--</u>	<u>28,677</u>
<b>Excess of Revenue Over (Under)</b>									
<b>Expenditures Before Transfers</b>	<u>50,000</u>	<u>1,000</u>	<u>(5,820)</u>	<u>--</u>	<u>(379,511)</u>	<u>(30,091)</u>	<u>8,348</u>	<u>143</u>	<u>--</u>
Transfers in	--	--	--	--	--	--	5,162	--	--
Transfer out	--	--	--	--	--	(12,641)	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(12,641)</u>	<u>5,162</u>	<u>--</u>	<u>--</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>									
	50,000	1,000	(5,820)	--	(379,511)	(42,732)	13,510	143	--
<b>Fund Balance - Beginning of Year, restated</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>707,004</u>	<u>37,920</u>	<u>(38,726)</u>	<u>2,948</u>	<u>642</u>
<b>Fund Balance - End of Year</b>	<u>\$ 50,000</u>	<u>\$ 1,000</u>	<u>\$ (5,820)</u>	<u>\$ --</u>	<u>\$ 327,493</u>	<u>\$ (4,812)</u>	<u>\$ (25,216)</u>	<u>\$ 3,091</u>	<u>\$ 642</u>



**CITY OF CENTRAL FALLS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	School Bldg Capital	Emergency Equipment Replacement	Recycling Account	Property Development	Redevelopment Agency	TOTALS
<b>Revenues</b>						
Interest and investment income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 255
Intergovernmental	1,875,072	--	9,097	--	--	4,415,111
<b>Total Revenues</b>	<u>1,875,072</u>	<u>--</u>	<u>9,097</u>	<u>--</u>	<u>--</u>	<u>4,415,366</u>
<b>Expenditures</b>						
General government	--	--	--	--	--	577,478
Planning	--	--	--	--	--	35,630
Recreation	--	--	--	--	--	84,705
Capital outlays	2,233,414	--	--	--	--	4,643,741
<b>Total Expenditures &amp; Capital Outlays</b>	<u>2,233,414</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,341,554</u>
<b>Excess of Revenue Over (Under)</b>						
<b>Expenditures Before Transfers</b>	<u>(358,342)</u>	<u>--</u>	<u>9,097</u>	<u>--</u>	<u>--</u>	<u>(926,188)</u>
Transfers in	--	--	--	--	--	100,161
Transfer out	--	(10)	--	--	--	(41,977)
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>(10)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>58,184</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(358,342)</u>	<u>(10)</u>	<u>9,097</u>	<u>--</u>	<u>--</u>	<u>(868,004)</u>
<b>Fund Balance - Beginning of Year, restated</b>	<u>100,332</u>	<u>600</u>	<u>8,142</u>	<u>155,925</u>	<u>207,901</u>	<u>1,728,999</u>
<b>Fund Balance - End of Year</b>	<u>\$ (258,010)</u>	<u>\$ 590</u>	<u>\$ 17,239</u>	<u>\$ 155,925</u>	<u>\$ 207,901</u>	<u>\$ 860,995</u>

CITY OF CENTRAL FALLS

TAX COLLECTOR'S ANNUAL REPORT

YEAR ENDED JUNE 30, 2021

Fiscal Year	Balance - July 1, 2020	Current Year Assessment	Additions	Abatements	Refunds / Adjustments	Amount to be Collected	FY 2021 Collections	Balance - June 30, 2021
2021	\$ -	\$ 15,438,684	\$ 83,824	\$ (67,608)	\$ (6,694)	\$ 15,448,206.00	\$ 14,713,748.00	\$ 734,458.00
2020	780,197	--	2,118	(17,186)	4,700	769,829	646,333	123,496
2019	273,355	--	--	(71,862)	(978)	200,515	59,613	140,902
2018	133,468	--	--	(950)	3,967	136,485	20,785	115,700
2017	115,633	--	--	--	2,432	118,065	15,659	102,406
2016	109,779	--	--	--	462	110,241	9,804	100,437
2015	156,972	--	--	(212)	496	157,256	7,451	149,805
2014	131,688	--	--	--	(20)	131,668	6,946	124,722
2013	137,388	--	--	(76)	77	137,389	5,472	131,917
2012	172,051	--	--	(204)	(15,965)	155,882	6,438	149,444
2011	198,933	--	--	(721)	(16,204)	182,008	4,700	177,308
2010 and prior	327,434	--	--	--	(76,696)	250,738	7,260	243,478
	<u>\$ 2,536,898</u>	<u>\$ 15,438,684</u>	<u>\$ 85,942</u>	<u>\$ (158,819)</u>	<u>\$ (104,424)</u>	<u>\$ 17,798,281</u>	<u>\$ 15,504,209</u>	<u>\$ 2,294,072</u>

Allowance for Uncollectible Accounts \$ (762,955) \$ (762,955)

Net Property Tax Receivable \$ 1,773,943 \$ 1,531,117

Schedule of Net Assessed Property, Value by Category

Description of Property	Valuations December 31, 2019	Levy July 1, 2020
Real Property	\$ 572,745,780	\$ 12,787,565
Motor Vehicle	37,649,451	829,426
Tangible	26,050,130	1,821,693
<b>Total</b>	<u>\$ 636,445,361</u>	<u>\$ 15,438,684</u>
Exemptions	(67,543,353)	
<b>Net Assessed Value</b>	<u>\$ 568,902,008</u>	<u>\$ 15,438,684</u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 15,504,209
July - August 2021 Collections Subject to 60-day FY 21 Accrual	\$ 173,700
	<u>\$ 15,677,909</u>
July - August 2020 Collections Subject to 60-day FY 20 Accrual	\$ (259,117)
Current Year Property Tax Revenue	<u>\$ 15,418,792</u>

FY 2021 Cash Collections Summary

July - August 2020 Collections Subject to 60-day FY 19 Accrual	September - June 2021 Collections	Total FY 2021 Cash Collections	July - August 2021 (FY 21) Cash Collections Subject to 60-day FY 21 Accrual
\$ --	\$ 14,713,748	\$ 14,713,748	\$ 166,295
223,784	422,549	646,333	3,144
16,824	42,789	59,613	1,743
4,813	15,972	20,785	124
4,593	11,066	15,659	690
2,580	7,224	9,804	512
1,207	6,244	7,451	803
577	6,369	6,946	292
419	5,053	5,472	34
1,223	5,215	6,438	62
1,045	3,655	4,700	--
2,052	5,208	7,260	--
<u>\$ 259,117</u>	<u>\$ 15,245,092</u>	<u>\$ 15,504,209</u>	<u>\$ 173,700</u>

# CITY OF CENTRAL FALLS

## ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

### FOR THE YEAR ENDED JUNE 30, 2021

<u>REVENUE</u>	<u>Municipal</u>
Current Year Levy Tax Collection	\$ 14,640,051
Last Year's Levy Tax Collection	643,237
Prior Years Property Tax Collection	135,505
Interest & Penalty	283,264
PILOT & Tax Treaty (excluded from levy) Collection	86,143
Other Local Property Taxes	106
Licenses and Permits	435,101
Fines and Forfeitures	219,741
Investment Income	8,987
Departmental	656,819
Rescue Run Revenue	392,693
Police & Fire Detail	187,105
Other Local Non-Property Tax Revenues	30,128
Tuition	-
Impact Aid	-
Medicaid	-
Federal Stabilization Funds	-
Federal Food Service Reimbursement	-
CDBG	119,689
COPS Grants	-
SAFER Grants	-
Other Federal Aid Funds	-
COVID - ESSER	-
COVID - CRF	1,292,143
COVID - CDBG	-
COVID - FEMA	-
COVID - Other	32,600
COVID - ARPA	-
MV Excise Tax Reimbursement	102,184
State PILOT Program	-
Distressed Community Relief Fund	45,856
Library Resource Aid	-
Library Construction Aid	-
Public Service Corporation Tax	241,398
Meals & Beverage Tax / Hotel Tax	146,023
LEA Aid	-
Group Home	-
Housing Aid Capital Projects	244,016
Housing Aid Bonded Debt	95,287
State Food Service Revenue	-
Incentive Aid	-
Property Revaluation Reimbursement	-
Other State Revenue	2,410,183
Motor Vehicle Phase Out	346,850
Other Revenue	160,300
Local Appropriation for Education	-
Regional Appropriation for Education	-
Supplemental Appropriation for Education	-
Regional Supplemental Appropriation for Education	-
Other Education Appropriation	-
Rounding	-
<b>Total Revenue</b>	<b>\$ 22,955,409</b>
Financing Sources: Transfer from Capital Funds	\$ -
Financing Sources: Transfer from Other Funds	5,073
Financing Sources: Debt Proceeds	-
Financing Sources: Other	-
Rounding	-
<b>Total Other Financing Sources</b>	<b>\$ 5,073</b>

# CITY OF CENTRAL FALLS

## ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

### FOR THE YEAR ENDED JUNE 30, 2021

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 618,667	\$ 321,412	\$ -	\$ -	\$ 219,992	\$ -	\$ 619,884	\$ 117,980	\$ 2,629,338
Compensation - Group B	-	-	-	-	-	-	-	-	347,925
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	68,076	-	-	-	-	-	48,882	-	220,608
Overtime - Group B	-	-	-	-	-	-	-	-	68,242
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	216,791	32,640	-	-	34,156	-	110,351	6,469	407,047
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	72,681
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	3,357	912	-	-	1,324	-	4,367	211	14,807
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	2,473
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	66,917	25,152	-	-	18,480	-	49,251	11,770	81,417
Life Insurance	739	555	-	-	369	-	1,015	185	4,526
State Defined Contribution- Group A	4,800	2,602	-	-	2,464	-	5,358	963	11,138
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	2,963
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	89,120	5,141	-	-	-	-	22,175	-	64,634
Other Benefits- Group B	-	-	-	-	-	-	-	-	2,100
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	61,951	33,581	-	-	31,783	-	76,504	12,434	1,424,335
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	44,487
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	586,203	353,051	-	79,449	19,453	-	172,958	114,110	66,350
Materials/Supplies	27,253	19,852	-	-	734	-	26,794	12,752	150,079
Software Licenses	13,741	24,705	-	-	5,700	-	-	-	34,117
Capital Outlays	77,698	-	-	-	83,325	-	2,858,436	399,166	132,497
Insurance	274,668	-	-	-	-	-	-	-	-
Maintenance	152,102	-	-	-	-	-	63,672	14,458	19,222
Vehicle Operations	-	-	-	-	-	-	46,865	-	37,366
Utilities	299,253	-	-	-	-	-	14,314	-	19,063
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	15,377	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	13,350	-	-
Trash Removal & Recycling	-	-	-	-	-	-	541,100	-	-
Claims & Settlements	136,214	-	-	-	-	-	-	-	-
Community Support	99,389	-	-	-	-	-	-	-	-
Other Operation Expenditures	191,199	7,039	-	-	35,335	150,209	26,329	45,467	22,870
Tipping Fees	-	-	-	-	-	-	457,766	-	-
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	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,988,138</b>	<b>\$ 826,642</b>	<b>\$ -</b>	<b>\$ 79,449</b>	<b>\$ 453,115</b>	<b>\$ 150,209</b>	<b>\$ 5,174,748</b>	<b>\$ 735,965</b>	<b>\$ 5,880,285</b>

# CITY OF CENTRAL FALLS

## ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

### FOR THE YEAR ENDED JUNE 30, 2021

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal
Compensation- Group A	\$ 2,897,107	\$ -	\$ 127,277	\$ -	\$ -	\$ -	\$ 7,551,657
Compensation - Group B	-	-	-	-	-	-	347,923
Compensation - Group C	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-
Overtime- Group A	238,209	-	1,109	-	-	-	576,884
Overtime - Group B	-	-	-	-	-	-	68,242
Overtime - Group C	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-
Active Medical Insurance - Group A	372,288	-	26,201	-	-	-	1,205,943
Active Medical Insurance- Group B	-	-	-	-	-	-	72,681
Active Medical Insurance- Group C	-	-	-	-	-	-	-
Active Dental Insurance- Group A	22,270	-	1,155	-	-	-	48,403
Active Dental Insurance- Group B	-	-	-	-	-	-	2,473
Active Dental Insurance- Group C	-	-	-	-	-	-	-
Payroll Taxes	55,217	-	7,630	-	-	-	315,834
Life Insurance	3,694	-	93	-	-	-	11,176
State Defined Contribution- Group A	7,207	-	1,131	-	-	-	35,663
State Defined Contribution - Group B	-	-	-	-	-	-	2,963
State Defined Contribution - Group C	-	-	-	-	-	-	-
Other Benefits- Group A	47,320	-	-	-	-	-	228,390
Other Benefits- Group B	-	-	-	-	-	-	2,100
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	1,429,238	-	13,020	-	-	-	3,082,846
State Defined Benefit Pension - Group B	-	-	-	-	-	-	44,487
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-
Purchased Services	50,599	-	156,536	-	-	-	1,598,709
Materials/Supplies	52,670	-	2,830	-	-	-	292,964
Software Licenses	6,441	-	12,000	-	-	-	96,704
Capital Outlays	22,802	-	-	-	-	-	3,573,934
Insurance	-	-	-	-	-	-	274,668
Maintenance	19,947	-	-	-	-	-	269,401
Vehicle Operations	102,486	-	-	-	-	-	186,717
Utilities	21,187	-	-	-	-	-	353,817
Contingency	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	15,377
Revaluation	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	13,350
Trash Removal & Recycling	-	-	-	-	-	-	541,100
Claims & Settlements	-	-	-	-	-	-	136,214
Community Support	-	-	-	-	-	-	99,389
Other Operation Expenditures	12,278	-	-	-	-	-	490,726
Tipping Fees	-	-	-	-	-	-	457,766
Local Appropriation for Education	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	779,000	-	779,000
Municipal Debt- Interest	-	-	-	-	231,085	-	231,085
School Debt- Principal	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	60,000	60,000
Rounding	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 5,360,960</b>	<b>\$ -</b>	<b>\$ 348,982</b>	<b>\$ -</b>	<b>\$ 1,010,085</b>	<b>\$ 60,000</b>	<b>\$ 23,068,578</b>

Financing Uses: Transfer to Capital Funds	\$ -
Financing Uses: Transfer to Other Funds	92,583
Financing Uses: Payment to Bond Escrow Agent	-
Financing Uses: Other	-
<b>Total Other Financing Uses</b>	<b>\$ 92,583</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	<b>(200,679)</b>
<b>Fund Balance<sup>1</sup>- beginning of year</b>	<b>3,685,578</b>
Funds removed from Reportable Government Services (RGS)	-
Funds added to Reportable Government Services (RGS)	-
Prior period adjustments	(2,375,987)
Misc. Adjustment	-
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	<b>1,309,591</b>
Rounding	-
<b>Fund Balance<sup>1</sup> - end of year</b>	<b>\$ 1,108,912</b>

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

# CITY OF CENTRAL FALLS

## COMBINING SCHEDULE OF REPORTABLE GOVERNMENTAL SERVICES WITH RECONCILIATION TO MTP2 MUNICIPAL

### FOR THE 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 <sup>1</sup>	Beginning Fund Fund Balance <sup>2</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>2</sup> (Deficit)	Ending Fund Balance <sup>2</sup> (Deficit)
Fund Balance <sup>1</sup> - per MTP-2 at June 30, 2020						\$ 3,685,578	(2,375,987)	\$ 1,309,591	
<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 Balance <sup>1</sup> - per MTP-2 at June 30, 2021 adjusted						<u>\$ 3,685,578</u>	<u>(2,375,987)</u>	<u>\$ 1,309,591</u>	
General Fund	\$ 20,096,688	\$ 5,073	\$ 19,706,744	\$ 63,257	\$ 331,760	\$ 3,329,472	\$ (2,375,987)	\$ 953,485	\$ 1,285,245
COVID 19 MicroE	31,600	-	31,600	-	-	-	-	-	-
CDBG 2015	79,661	-	76,407	3,254	-	-	-	-	-
CDBG 2016	50,268	-	34,237	-	16,031	-	-	-	16,031
CDBG 2017	521,250	-	521,250	-	-	-	-	-	-
CDBG 2018	37,966	-	37,966	-	-	-	-	-	-
NIH-ACTG Emergency Response	117,480	-	117,480	-	-	-	-	-	-
Main Street Grant	-	-	-	-	-	-	-	-	-
RIDOH	200,000	-	239,453	26,072	(65,525)	185,419	-	185,419	119,894
Recreation Summer Lunch Program	-	-	220	-	(220)	70,355	-	70,355	70,135
School Building Capital Fund	1,875,072	-	2,233,414	-	(358,342)	100,332	-	100,332	(258,010)
Blackstone Bikeway	465,278	-	465,278	-	-	-	-	-	-
The Landing	471,069	-	579,421	-	(108,352)	-	-	-	(108,352)
<b>Totals per audited financial statements</b>	<u>\$ 23,946,332</u>	<u>\$ 5,073</u>	<u>\$ 24,043,470</u>	<u>\$ 92,583</u>	<u>\$ (184,648)</u>	<u>\$ 3,685,578</u>	<u>\$ (2,375,987)</u>	<u>\$ 1,309,591</u>	<u>\$ 1,124,943</u>
<b>Reconciliation from financial statements to MTP2</b>									
Program activity in CDBG funds that are not reported on the MTP2 because they are for program revenues & expenses and not for administration	\$ (569,456)	\$ -	\$ (553,424)	\$ -	\$ (16,032)	\$ -	\$ -	\$ -	\$ (16,032)
Elimination of appropriation for and expenditure relating to receivership costs	(421,467)	-	(421,467)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<u>\$ 22,955,409</u>	<u>\$ 5,073</u>	<u>\$ 23,068,578</u>	<u>\$ 92,583</u>	<u>\$ (200,679)</u>	<u>\$ 3,685,578</u>	<u>\$ (2,375,987)</u>	<u>\$ 1,309,591</u>	<u>\$ 1,108,912</u>

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

# CITY OF CENTRAL FALLS

## NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 1 – BASIS OF PRESENTATION

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

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

### NOTE 2 – REPORTABLE GOVERNMENT SERVICES

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

### NOTE 3 – ALLOCATIONS

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

### NOTE 4 – EMPLOYEE GROUPS – COMPENSATION AND BENEFIT COSTS

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

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

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

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)

# CITY OF CENTRAL FALLS

## NOTES TO SUPPLEMENTARY INFORMATION – ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)

FOR THE YEAR ENDED JUNE 30, 2021

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### NOTE 4 – EMPLOYEE GROUPS – COMPENSATION AND BENEFIT COSTS (CONTINUED)

- 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/>.*