

TOWN OF NORTH PROVIDENCE  
RHODE ISLAND



Frank C. Angell Memorial Town Hall

BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020

MAYOR CHARLES A. LOMBARDI

PREPARED BY: FINANCE DEPARTMENT

# TOWN OF NORTH PROVIDENCE

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**FOR THE YEAR ENDED JUNE 30, 2020**

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

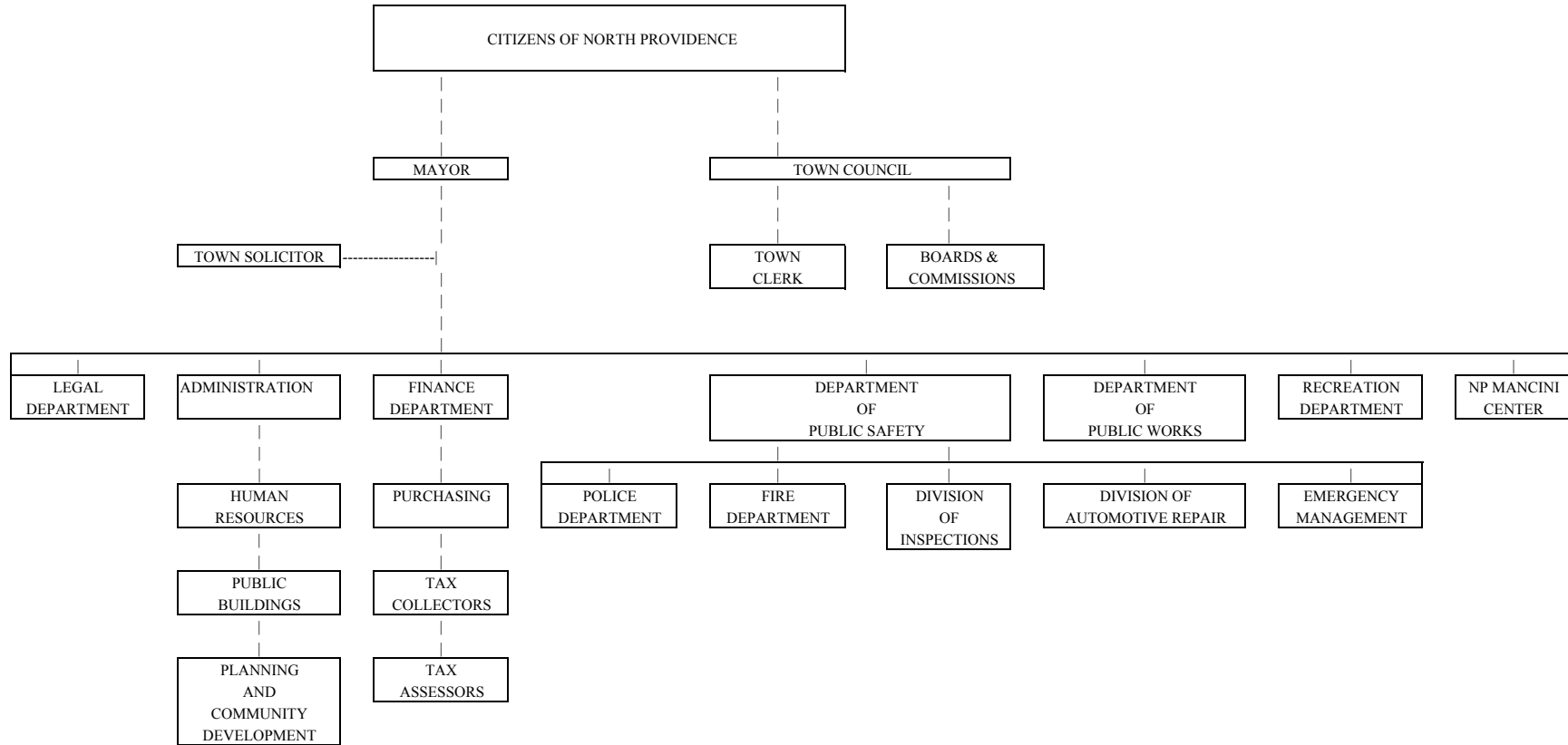
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(CONCLUDED)

**TOWN OF NORTH PROVIDENCE**  
*GOVERNMENTAL ORGANIZATION*



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

*JUNE 30, 2020*

**TOWN COUNCIL**

Dino P. Autiello, President, Council at Large  
Mansuet J. Giusti, III, District 1  
Ronald R. Baccala, Jr., District 1  
Kenneth J. Amoriggi, District 2  
Stefano V. Famiglietti, District 2  
Steven D. DiLorenzo, District 3  
Mario M. Martone, District 3

**MAYOR**

Charles A. Lombardi

**FINANCE DEPARTMENT**

Maria G. Vallee, Town Controller/Interim Finance Director  
Thomas W. Kane, Tax Assessor/Collector

# TOWN OF NORTH PROVIDENCE

## FINANCIAL SECTION

- INDEPENDENT AUDITOR'S REPORT
  - MANAGEMENT'S DISCUSSION AND ANALYSIS
  - BASIC FINANCIAL STATEMENTS
  - REQUIRED SUPPLEMENTARY INFORMATION
  - OTHER SUPPLEMENTARY INFORMATION
-

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of the Town Council  
Town of North Providence, Rhode Island

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Providence, Rhode Island, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the required schedules related to pension plans, and OPEB Plans on Pages 4 through 11, Pages 80 through 84, Pages 85 through 96, and Page 97 through 100, 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 Town of North Providence, Rhode Island's financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of property taxes receivable, annual supplemental transparency report (MTP2), and combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform of Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

**Other Matters (Continued)**

*Other Information (Continued)*

The combining and individual nonmajor fund financial statements, schedule of property taxes receivable, annual supplemental transparency report (MTP2), combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 nonmajor fund financial statements, schedule of property taxes receivable, annual supplemental transparency report (MTP2), combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021, on our consideration of the Town of North Providence, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of North Providence, Rhode Island's internal control over financial reporting and compliance.

**Prior Year Comparative Information**

The financial statements include partial prior-year comparative information for the proprietary funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of North Providence, Rhode Island's financial statements for the year ended June 30, 2019, from which the partial information was derived.



Johnston, Rhode Island  
March 17, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020**

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As the management of the Town of North Providence (the Town), we offer readers of the Town of North Providence's financial statements this narrative overview and analysis of the Town of the Town's economic activities for the fiscal year ended June 30, 2020.

### **Financial Highlights**

- For the year ended June 30, 2020, the government-wide Statement of Activities reports an increase of \$5,309,453 in Net Position.
- As of year-end June 30, 2020, the Town's General Fund had a total fund balance of \$15,254,380. This is an increase of \$1,318,485 over last year's total fund balance of \$13,935,895.
- As of June 30, 2020, the School's Unrestricted Fund had a total fund balance of \$1,610,574. This is an increase of \$1,340,013 over last year's total fund balance of \$270,561.
- The Town has one Business-Type Fund, the School Cafeteria Fund. On June 30, 2020, this fund had an overall net position of \$164,089.
- On the budgetary basis of accounting, the Town's General Fund reported an excess of revenues and other financing sources over expenditures and other financing uses of \$1,318,485. The School Unrestricted Fund reported an excess of revenues and other financing sources over expenditures and other financing uses of \$1,340,013.
- The Town has ended the fiscal year 2020 with its eleventh consecutive year of operating surpluses.

### **Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the basic financial statements of the Town. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The Town's primary financial statements and other supplementary financial information provide information about all the Governments' activities. Such information offers both a short-term and a long-term view of the financial health of the Town as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

### **Government-wide financial statements**

*Government-wide financial statements* are designed to provide readers with a broad overview of the finances of the Town, in a manner which is similar to a private-sector business. They are presented on the accrual basis of accounting where revenues and expenditures are recognized on the date they occurred rather than on the date they were collected or paid.

The *Statement of Net Position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items

that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements distinguish the Town's functions, which are supported by taxes and intergovernmental revenues (governmental activities), from other functions intended to recover all or a significant portion of their costs through user charges (business-type activities). The governmental activities of the Town include general government and administration, public safety, education, development services, cultural and recreational services.

The government-wide financial statements are reported on Pages 12 and 13.

### **Fund financial statements**

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources and balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, School Unrestricted Fund (Special Revenue Fund), Debt Service Fund, and Federal Forfeiture Fund, which are considered to be significant funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds' statements are presented on Pages 14 through 17.

### *Proprietary Funds*

The proprietary funds of the Town are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has only one proprietary fund, an enterprise fund, the North Providence School Cafeteria Fund. This fund operates as a federally mandated school food service system that services all students, including students who qualify for "free or reduced" meals on a for-profit basis.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The North Providence School Cafeteria fund, which is not a significant fund, is presented in the proprietary funds.

The basic proprietary fund financial statements are presented on Pages 18 through 20.

### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because resources of those funds are *not* available to support the Town programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are presented on Pages 21 through 22.

### *Notes to Financial Statements*

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on Pages 23 through 79.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the operations of the Town. Required Supplementary information is presented on Pages 80 through 100.

The combining statements referred to earlier in connection with non-major governmental funds and fiduciary funds (Agency Funds) (as applicable) are presented on Pages 101 through 108.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the Town's case, its Net Position increased for the year ended June 30, 2020, by \$5,309,453.

The most considerable portions of the net position of the Town consists of investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment, and infrastructure, less any debt used to acquire these assets still outstanding and net position restricted for use by the U.S. Department of Justice. The Town uses capital assets to provide services to its citizens. Consequently, these assets are not available for future spending.

Although the investment of the Town in capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources since the capital assets themselves are highly unlikely to be used to liquidate such liabilities.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NET POSITION**

**June 30, 2020 and 2019 (in 000's)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 39,606	\$ 62,871	\$209	\$285	\$ 39,815	\$ 63,156
Capital Assets	161,064	148,392	8	13	161,072	148,405
Total Assets	<u>200,670</u>	<u>211,263</u>	<u>217</u>	<u>298</u>	<u>200,887</u>	<u>211,561</u>
Deferred outflows of resources	41,064	42,483	-	-	41,064	42,483
Long-Term Liabilities	235,954	256,986	-	-	235,954	256,986
Other Liabilities	13,587	31,042	53	183	13,640	31,225
Total Liabilities	<u>249,541</u>	<u>288,028</u>	<u>53</u>	<u>183</u>	<u>249,594</u>	<u>288,211</u>
Deferred inflows of resources	44,673	23,458	-	-	44,673	23,458
Net investment in capital assets	87,794	77,449	8	13	87,802	77,462
Restricted	5,025	7,138	-	-	5,025	7,138
Unrestricted	(145,299)	(142,327)	156	102	(145,143)	(142,225)
Total Net Position	<u>(\$52,480)</u>	<u>(\$57,740)</u>	<u>\$164</u>	<u>\$ 115</u>	<u>(\$52,316)</u>	<u>(\$57,625)</u>

As of June 30, 2020, the Town reports a positive (surplus) balance of approximately \$164,100 in business-type activities (School Cafeteria Fund) while the governmental activities have a total net deficit position of approximately \$52,479,400. The deficit position is mainly attributable to the pension and OPEB legacy liabilities, which have been recorded in accordance with GASB No. 68 and 75. The negative net position resulting from the pension and OPEB obligations at June 30, 2020, was approximately (\$157,481,000) (deferred outflows, less deferred inflows, less net OPEB liability, less net pension liability).

## Analysis of Town Operations

The following analysis summarizes the Town operations for the year ended June 30, 2020, and 2019.

### **TOWN OF NORTH PROVIDENCE, RHODE ISLAND CHANGES IN NET POSITION For the Fiscal Years Ended June 30, 2020 and 2019 (in 000's)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,373	\$ 5,237	\$252	\$394	\$ 5,625	\$ 5,631
Operating Grants and Contributions	29,957	30,462	789	938	30,746	31,400
Capital Grants and Contributions	234	1,032			234	1,032
General Revenues:						
Property taxes	69,912	69,813			69,912	69,813
Motor vehicle phase-out taxes	4,609	2,663			4,609	2,663
Telephone and State PILOT	404	408			404	408
Grants and aid not restricted for a specific program	10,100	2,079			10,100	2,079
Gain on sale of surplus equipment	43	54			43	54
Investment earnings on bond proceeds	173	390			173	390
Unrestricted investment earnings	346	704			346	704
Total Revenues	121,151	112,842	1,041	1,332	122,192	114,174
Expenses:						
Legislative, judicial, and administrative	20,133	17,156			20,133	17,156
Department of Finance	1,026	1,069			1,026	1,069
Public Safety	21,009	25,345			21,009	25,345
Public Services/works	6,501	6,998			6,501	6,998
Grants and contributions	6	47			6	47
Education	64,322	65,880			64,322	65,880
Interest on long-term debt	2,894	2,618			2,894	2,618
School Cafeteria			992	1,313	992	1,313
Total Expenses	115,891	119,113	992	1,313	116,883	120,426
Increase (decrease) in net position	5,260	(6,271)	49	19	5,309	(6,252)
Net position beginning of year	(57,740)	(51,469)	115	96	(57,625)	(51,373)
Net position (deficit) end of year	(\$52,480)	(\$57,740)	\$164	\$115	(\$52,316)	(\$57,625)

## **Financial Analysis of Town Funds**

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

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

As of June 30, 2020, the governmental funds reported a combined ending fund balance of \$29,333,734. Unassigned fund balance amounted to \$10,756,044 with a non-spendable fund balance of \$437,785, committed fund balance of \$6,949,673, and restricted fund balance of \$11,190,232.

The General Fund is the operating fund of the Town. For the year ended June 30, 2020, the General Fund of the Town reported an increase in fund balance of \$1,318,485. As of June 30, 2020, the cumulative surplus fund balance in the General Fund was \$15,254,380. The unassigned portion of the fund balance/cumulative surplus as of June 30, 2020, was \$10,972,267, representing approximately 10% of the fiscal 2020 budget.

## **Proprietary Funds**

The proprietary fund statements provide the same type of information as presented in the government-wide financial statements but more detail. The total net position of the proprietary fund is \$164,089 at June 30, 2020.

## **General Fund Budgetary Highlights**

Total revenues in the Town's General Fund exceeded budgeted revenues by \$2,138,031 for the year ended June 30, 2020. The most significant favorable revenue variances were in the collection of property taxes, State motor vehicle phase-out revenue, and licenses, fees, and rents. Total expenditures in the Town's General Fund were less than the budget by \$1,021,209 for the year ended June 30, 2020. The most significant unfavorable expenditure variances were fire department, road resurfacing, fringe benefits, and contingencies. The excess of revenues and other financing sources over expenditures and additional financing uses on a budgetary basis of accounting in the Town's General Fund was \$1,318,485 for the year ended June 30, 2020.

Total revenues in the School Unrestricted Fund exceeded budget by \$211,297 for the year ended June 30, 2020. Total expenditures in the School Unrestricted Fund were less than budget by \$1,128,716. The most significant savings on expenditures was a favorable variance in Fringe Benefits due to lower than anticipated health care claims. The excess of revenues and other financing sources over expenditures and additional financing uses in the School Unrestricted Fund was \$1,340,013 for the year ended June 30, 2020.



## **Capital Assets and Debt and Administration**

### **Capital Assets**

The Town's investment in capital assets for its governmental and business-type activities amounts to approximately \$161,072,200 net of accumulated depreciation on June 30, 2020. Included are land, land improvements, building and improvements, vehicles, equipment, furniture and fixtures, and infrastructure. Information on capital assets can be found in Note 7, Page 41.

#### **Town of North Providence's Capital Assets (Net of depreciation) in 000's**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 21,678	\$ 21,363			\$ 21,678	\$ 21,363
Construction in progress	59,617	89,274			59,617	89,274
Buildings and improvements	60,950	21,516			60,950	21,516
Equipment, furn. & fixtures	6,306	5,268	\$ 8	\$ 13	6,314	5,281
Vehicles	1,828	1,901			1,828	1,901
Infrastructure	9,329	7,605			9,329	7,605
Land improvements	1,356	1,465			1,356	1,465
Total	<u>\$161,064</u>	<u>\$ 148,392</u>	<u>\$ 8</u>	<u>\$ 13</u>	<u>\$ 161,072</u>	<u>\$ 148,405</u>

The School Department received "Approval of Necessity of School Construction" from the State of Rhode Island's Council on Elementary and Secondary Education on May 17, 2016, for School construction projects totaling \$73,509,339. Accordingly, the construction cost, which includes debt service, will qualify for approximately 54% reimbursement from the State of Rhode Island through their Housing Aid Program. The funding for this project will be through the sale of bonds, which were overwhelmingly approved by the voters in a Bond Referendum held on November 8, 2016. The Town issued \$36,655,000 in Bonds through R.I. Health Educational & Building Corporation (RIHEBC) in July and received net proceeds of \$40,664,692. The Town issued the remaining \$30,045,000 Bonds through R.I. Health Educational & Building Corporation (RIHEBC) in April and received net proceeds of \$34,867,292. The Town completed building the two new elementary schools. The final total of this project was approximately \$71,795,000.

### **Long Term Debt**

As of June 30, 2020, the Town had total bonded debt (net of bond premium) of \$68,058,000. Of this amount, 100% comprises bonded debt backed by the government's full faith and credit. In addition to the bonded debt, the Town has direct borrowings and direct placements outstanding for \$1,496,418, on June 30, 2020.

**Town of North Providence, Rhode Island**  
**Outstanding Debt Obligations**  
(000's)

	Governmental Activities	
	2020	2019
General Obligation Bonds	\$ 68,058	\$ 74,351
Bond premium	0	9,045
Notes and Lease purchase obligations	1,496	1,826
<b>Total obligations</b>	<b>\$ 69,554</b>	<b>\$ 85,222</b>

There were no outstanding short-term tax anticipation or bond anticipation note obligations on June 30, 2020.

State statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of all taxable property's net assessed value within the Town. The Town of North Providence's limit is approximately \$80,923,811 at year-end based on the December 31, 2019, assessed value of the property. The Town's outstanding general obligation debt is approximately \$68,058,000 as of June 30, 2020, which is below the State imposed limitation. However, some of the debt of the Town is exempt from the statutory limit since it was issued with statutory approval. On June 30, 2020, the Town complied with the debt limit requirements.

As of June 30, 2020, the Town of North Providence's bonds is insured and hold an A2 credit rating from Moody's and an A.A. rating from Standard & Poor's.

Additional information regarding debt administration of the Town can be found in Note 10 on Pages 43 through 45 of this report.

**Economic Factors and Next Year's Budgets and Tax Rates**

- The Town of North Providence has budgeted \$109,305,745 for fiscal 2021, a decrease of (\$2,426,216) over fiscal 2020. The net decrease was principally for the School Building Project payment of \$3,190,000.
- The Budgeted educational expenses are \$58,668,107 or 59.37% of total appropriations; leaving \$50,637,638 or 40.63% budgeted for the remaining Town appropriations.
- State Aid to Education is budgeted at \$24,573,847, which increases \$953,971 over fiscal 2020. State Aid to Education represents 41.88% of the education budget.
- The locally-administered Police Pension Fund's funded ratio is currently at approximately 82.6% on June 30, 2020, utilizing the pension assets' actuarial value. The most recent actuarial report has recommended an annual contribution of 42.9% or \$2,046,807.
- The Town of North Providence has a four-tier tax base. This base comprises the following for the fiscal year 2021: Residential Real Estate \$22.81; Commercial Real Estate \$29.55; Tangible Property \$64.78 and Motor Vehicle \$35.00.

**Request for Information**

This financial report is designed to provide our citizens with a general overview of the finances of the Town of North Providence. For questions concerning this report or additional financial information, please contact the Town of North Providence, Finance Department, 2000 Smith Street, North Providence, Rhode Island 02911.

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# **TOWN OF NORTH PROVIDENCE**

## **BASIC FINANCIAL STATEMENTS**



**TOWN OF NORTH PROVIDENCE RHODE ISLAND****Statement of Net Position  
June 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 28,692,654	\$ 122,085	\$ 28,814,739
Cash held in escrow	4,891,926	-	4,891,926
Accounts receivable, net	3,637,701	-	3,637,701
Other receivables	-	1,635	1,635
Internal balances	(55,017)	55,017	-
Due from federal and state governments	2,000,889	30,083	2,030,972
Prepays	437,785	-	437,785
<b>Total Current Assets</b>	<b>39,605,938</b>	<b>208,820</b>	<b>39,814,758</b>
<b>Noncurrent Assets:</b>			
Capital assets not being depreciated	81,295,424	-	81,295,424
Capital assets, net of accumulated depreciation	79,768,973	7,790	79,776,763
<b>Total Noncurrent Assets</b>	<b>161,064,397</b>	<b>7,790</b>	<b>161,072,187</b>
<b>TOTAL ASSETS</b>	<b>200,670,335</b>	<b>216,610</b>	<b>200,886,945</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources related to Pension Plans	34,348,312	-	34,348,312
Deferred outflows of resources related to OPEB Plans	6,715,774	-	6,715,774
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>41,064,086</b>	<b>-</b>	<b>41,064,086</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable	3,262,316	34,059	3,296,375
Accrued liabilities	5,104,820	-	5,104,820
Unearned revenue	286,719	18,462	305,181
Current portion of compensated absences	900,000	-	900,000
Current portion of IBNR claims	550,672	-	550,672
Current portion of bonds and notes	3,482,173	-	3,482,173
<b>Total Current Liabilities</b>	<b>13,586,700</b>	<b>52,521</b>	<b>13,639,221</b>
<b>Noncurrent Liabilities:</b>			
Compensated absences	7,402,397	-	7,402,397
Net OPEB liability	51,327,132	-	51,327,132
Net pension liability	102,544,945	-	102,544,945
Bond and note obligations, net	74,679,900	-	74,679,900
<b>Total Noncurrent Liabilities</b>	<b>235,954,374</b>	<b>-</b>	<b>235,954,374</b>
<b>TOTAL LIABILITIES</b>	<b>249,541,074</b>	<b>52,521</b>	<b>249,593,595</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to Pension Plans	21,843,861	-	21,843,861
Deferred inflows related to OPEB Plans	22,828,848	-	22,828,848
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>44,672,709</b>	<b>-</b>	<b>44,672,709</b>
<b>NET POSITION:</b>			
Net investment in capital assets	87,794,250	7,790	87,802,040
Restricted	5,025,447	-	5,025,447
Unrestricted	(145,299,059)	156,299	(145,142,760)
<b>TOTAL NET POSITION</b>	<b>\$ (52,479,362)</b>	<b>\$ 164,089</b>	<b>\$ (52,315,273)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLANDStatement of Activities  
For the Year Ended June 30, 2020

<u>Functions/Programs:</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Legislative, judicial, and administrative	\$ 20,133,448	\$ 1,471,917	\$ 240,817	\$ -	\$ (18,420,714)		\$ (18,420,714)
Department of finance	1,025,578	48,524	-	-	(977,054)		(977,054)
Public safety	21,009,034	1,951,918	198,033	55,504	(18,803,579)		(18,803,579)
Public services	6,500,705	429,630	30,206	22,909	(6,017,960)		(6,017,960)
Grants and contributions	6,500	-	237,320	-	230,820		230,820
Education	64,321,597	1,470,753	29,250,689	155,137	(33,445,018)		(33,445,018)
Interest on long-term debt	2,893,558	-	-	-	(2,893,558)		(2,893,558)
<b>Total governmental activities</b>	<b>115,890,420</b>	<b>5,372,742</b>	<b>29,957,065</b>	<b>233,550</b>	<b>(80,327,063)</b>		<b>(80,327,063)</b>
<b>Business-type activities:</b>							
School Cafeteria	992,300	252,228	789,170	-	-	\$ 49,098	49,098
<b>Total business-type activities</b>	<b>992,300</b>	<b>252,228</b>	<b>789,170</b>	<b>-</b>	<b>-</b>	<b>49,098</b>	<b>49,098</b>
<b>Total</b>	<b>\$ 116,882,720</b>	<b>\$ 5,624,970</b>	<b>\$ 30,746,235</b>	<b>\$ 233,550</b>	<b>(80,327,063)</b>	<b>49,098</b>	<b>(80,277,965)</b>
<b>General revenues:</b>							
Property taxes					69,912,248		69,912,248
Motor vehicle phase-out taxes					4,609,050		4,609,050
Telephone and State PILOT payments					404,268		404,268
Grants and aid not restricted for a specific program					10,099,499		10,099,499
Gain on sale of surplus equipment					43,401		43,401
Investment earnings on bond proceeds					172,785		172,785
Unrestricted investment earnings					346,167		346,167
<b>Total general revenues and transfers</b>					<b>85,587,418</b>	<b>-</b>	<b>85,587,418</b>
<b>Change in Net Position</b>					<b>5,260,355</b>	<b>49,098</b>	<b>5,309,453</b>
<b>Net Position - beginning of year</b>					<b>(57,739,717)</b>	<b>114,991</b>	<b>(57,624,726)</b>
<b>Net Position - ending of year</b>					<b>\$ (52,479,362)</b>	<b>\$ 164,089</b>	<b>\$ (52,315,273)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

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

	General Fund	School Unrestricted Fund	School Bond Fund	Federal Forfeiture Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 21,330,782	\$ 1,132,615	\$ -	\$ 5,194,406	\$ 1,034,851	\$ 28,692,654
Cash held in escrow	-	-	4,891,926	-	-	4,891,926
Accounts and other receivable, net	3,315,915	35,068	-	-	286,718	3,637,701
Due from federal and state governments	460,846	370,518	-	-	1,169,525	2,000,889
Prepaid expenditures	389,736	48,049	-	-	-	437,785
Due from other funds	48,991	4,637,413	120,539	-	2,222,794	7,029,737
<b>TOTAL ASSETS</b>	<b>\$ 25,546,270</b>	<b>\$ 6,223,663</b>	<b>\$ 5,012,465</b>	<b>\$ 5,194,406</b>	<b>\$ 4,713,888</b>	<b>\$ 46,690,692</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ 1,922,608	\$ 965,593	\$ -	\$ 168,959	\$ 205,156	\$ 3,262,316
Accrued liabilities	1,173,612	3,533,608	-	-	-	4,707,220
Due to other funds	5,179,721	113,888	-	-	1,791,145	7,084,754
Unearned revenue - other	-	-	-	-	286,719	286,719
<b>TOTAL LIABILITIES</b>	<b>8,275,941</b>	<b>4,613,089</b>	<b>-</b>	<b>168,959</b>	<b>2,283,020</b>	<b>15,341,009</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenue - property taxes, EMS, Fines etc.	2,015,949	-	-	-	-	2,015,949
<b>FUND BALANCES:</b>						
Nonspendable	389,736	48,049	-	-	-	437,785
Restricted	-	-	5,012,465	5,025,447	1,152,320	11,190,232
Committed	3,892,377	1,562,525	-	-	1,494,771	6,949,673
Unassigned	10,972,267	-	-	-	(216,223)	10,756,044
<b>TOTAL FUND BALANCES</b>	<b>15,254,380</b>	<b>1,610,574</b>	<b>5,012,465</b>	<b>5,025,447</b>	<b>2,430,868</b>	<b>29,333,734</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 25,546,270</b>	<b>\$ 6,223,663</b>	<b>\$ 5,012,465</b>	<b>\$ 5,194,406</b>	<b>\$ 4,713,888</b>	<b>\$ 46,690,692</b>

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

*Balance Sheet  
Governmental Funds  
June 30, 2020*

*Amounts reported for governmental activities in the Statement of Net Position are different because of the following:*

<b>Total Fund Balance reported in Exhibit B-1</b>	<b>\$ 29,333,734</b>
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund Balance Sheet - represents net capital assets at June 30, 2020.	161,064,397
Net Pension Assets and related Deferred Outflows of Resources for pension and OPEB plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	41,064,086
Long-term debt obligations including OPEB and compensated absences are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position.	(138,342,274)
Net Pension Liability and related Deferred Inflows of Resources for pension and OPEB plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	(147,217,654)
Unavailable tax and other miscellaneous 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.	2,015,949
Interest expense accrued on debt obligations of governmental funds is not due and payable with current financial resources and therefore is reported in the Statement of Net Position and not the Governmental Fund Balance Sheet at June 30, 2020.	(397,600)
<b>Total Net Position reported in Exhibit A-1</b>	<b><u>\$ (52,479,362)</u></b>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year the Ended June 30, 2020**

	General Fund	School Unrestricted Fund	School Bond Fund	Federal Forfeiture Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
General property taxes	\$ 70,145,497	\$ -	\$ -	\$ -	\$ -	\$ 70,145,497
Intergovernmental	15,380,343	22,492,151	-	2,640,038	3,244,821	43,757,353
Private grants and contributions	-	-	-	-	100,251	100,251
Licenses and fees	613,591	-	-	-	543,045	1,156,636
Investment income	250,887	-	172,785	91,164	4,116	518,952
Departmental	1,346,514	-	-	-	-	1,346,514
State on behalf pension and transportation contribution	-	2,891,773	-	-	-	2,891,773
Medicaid reimbursement	-	974,096	-	-	-	974,096
Miscellaneous	1,506,947	475,657	76,139	4,004	44,715	2,107,462
<b>TOTAL REVENUES</b>	<b>89,243,779</b>	<b>26,833,677</b>	<b>248,924</b>	<b>2,735,206</b>	<b>3,936,948</b>	<b>122,998,534</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Legislative, judicial, and administrative	2,081,283	-	-	-	-	2,081,283
Department of finance	1,023,387	-	-	-	-	1,023,387
Public safety	17,609,805	-	-	121,140	141,477	17,872,422
Public services/works	6,116,252	-	-	-	-	6,116,252
Grants and contributions	6,500	-	-	-	-	6,500
Education	-	58,144,439	-	-	2,791,855	60,936,294
Other	16,293,120	-	-	-	535,479	16,828,599
<b>Debt Service:</b>						
Principal	6,418,611	-	-	-	204,338	6,622,949
Interest and other costs including cost of issuance	3,515,983	-	-	-	24,163	3,540,146
<b>Capital:</b>						
Capital expenditures	1,982,474	199,485	9,516,210	2,088,082	293,001	14,079,252
<b>TOTAL EXPENDITURES</b>	<b>55,047,415</b>	<b>58,343,924</b>	<b>9,516,210</b>	<b>2,209,222</b>	<b>3,990,313</b>	<b>129,107,084</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>34,196,364</b>	<b>(31,510,247)</b>	<b>(9,267,286)</b>	<b>525,984</b>	<b>(53,365)</b>	<b>(6,108,550)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	32,850,260	-	-	227,619	33,077,879
Transfers out	(32,877,879)	-	-	-	(200,000)	(33,077,879)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(32,877,879)</b>	<b>32,850,260</b>	<b>-</b>	<b>-</b>	<b>27,619</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,318,485</b>	<b>1,340,013</b>	<b>(9,267,286)</b>	<b>525,984</b>	<b>(25,746)</b>	<b>(6,108,550)</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>13,935,895</b>	<b>270,561</b>	<b>14,279,751</b>	<b>4,499,463</b>	<b>2,456,614</b>	<b>35,442,284</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 15,254,380</b>	<b>\$ 1,610,574</b>	<b>\$ 5,012,465</b>	<b>\$ 5,025,447</b>	<b>\$ 2,430,868</b>	<b>\$ 29,333,734</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)  
Year Ended June 30, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):</b>	\$ (6,108,550)
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 capital outlays exceeded depreciation in the current period.	12,672,042
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	6,622,948
Changes in the Net Pension Asset, Deferred Outflows of Resources related to pension plans, Net Pension Liability, and Deferred Inflows of Resources related to pension plans results in an increase or decrease to the pension expense reported in the Statement of Activities. For fiscal 2020 the effect of these adjustments resulted in an increase in the pension expense reported in the Statement of Activities as compared to the fund statements.	(4,271,119)
Governmental funds do not report estimated accrued IBNR claims as a liability in the Fund Statements if they are not going to be paid with current available resources. These liabilities are reported in the government-wide financial statements as long-term debt. This adjustment reflects the decrease in the estimate from the amount reported at June 30, 2019.	9,273
Revenues, net of an allowance, in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Unavailable tax and other revenue decreased from fiscal 2019.	(2,910,700)
Accrued interest on debt obligations is not recorded in the governmental funds as it will not be paid with current measurable and available resources. The change in accrued interest is reported in the government-wide statement of activities. This is the decrease in the accrual for the year ended June 30, 2020 versus June 30, 2019.	209,000
Net OPEB Liability and related deferred inflows and outflows of resources are reported in the government-wide statement of activities but have no effect on the activity reported in the governmental funds. For fiscal 2020 the effect of the OPEB Liability and related components resulted in an increase in OPEB expense reported in the Government-Wide Statement of Activities as compared to the fund statements.	(172,336)
Premium on bond issuance is reported as revenue in the fund statements when it is received. However, the premium is recorded as a component of long-term debt in the government-wide statements and amortized over the life of the bond issuance. This is the amount bond premium amortized and which is recorded as a reduction of interest expense in the government-wide statement of activities.	437,589
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	<u>(1,227,792)</u>
<b>Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)</b>	<b><u>\$ 5,260,355</u></b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**  
*(With Comparative Totals for June 30, 2019)*

	<u>Enterprise Funds</u>	
	<u>School Cafeteria (current year)</u>	<u>School Cafeteria (prior year)</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 122,085	\$ 119,688
Other receivables	1,635	1,635
Due from other funds	55,017	112,159
Due from federal and state governments	30,083	51,592
<b>Total Current Assets</b>	<u>208,820</u>	<u>285,074</u>
<b>Noncurrent Assets:</b>		
Equipment	113,318	113,318
Accumulated depreciation	(105,528)	(100,334)
<b>Total Noncurrent Assets</b>	<u>7,790</u>	<u>12,984</u>
<b>TOTAL ASSETS</b>	<u>216,610</u>	<u>298,058</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	34,059	183,067
Unearned revenue	18,462	-
<b>TOTAL LIABILITIES</b>	<u>52,521</u>	<u>183,067</u>
<b>NET POSITION:</b>		
Net investment in capital assets	7,790	12,984
Unrestricted	156,299	102,007
<b>TOTAL NET POSITION</b>	<u>\$ 164,089</u>	<u>\$ 114,991</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Enterprise Funds	
	School Cafeteria (current year)	School Cafeteria (prior year)
<b>Operating revenues:</b>		
Federal & State Grants for free and reduced lunch	\$ 789,170	\$ 938,400
Charges for usage and service	252,228	393,847
<b>Total Operating Revenues</b>	<b>1,041,398</b>	<b>1,332,247</b>
<b>Operating expenses:</b>		
Management operations costs	986,178	1,298,100
Maintenance and other costs	90	5,540
Capital outlays	838	1,505
Depreciation expense	5,194	8,181
<b>Total Operating Expenses</b>	<b>992,300</b>	<b>1,313,326</b>
<b>Change in Net Position</b>	<b>49,098</b>	<b>18,921</b>
<b>Net Position at beginning of year</b>	<b>114,991</b>	<b>96,070</b>
<b>Net Position at end of year</b>	<b>\$ 164,089</b>	<b>\$ 114,991</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2020  
 (With Comparative Totals for the Year Ended June 30, 2019)

	Enterprise Funds	
	School Cafeteria (current year)	School Cafeteria (prior year)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 270,690	\$ 394,249
Cash received from State and Federal Grants	810,679	948,536
Cash paid to suppliers for goods and services and other operating payments	(1,136,114)	(1,385,181)
<b>Net cash provided (used) by operating activities</b>	<b>(54,745)</b>	<b>(42,396)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Increase (decrease) in amounts due from other funds	57,142	(112,159)
<b>Net cash used by noncapital financing activities</b>	<b>57,142</b>	<b>(112,159)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,397	(154,555)
<b>Cash and cash equivalents, beginning of year</b>	119,688	274,243
<b>Cash and cash equivalents, end of year</b>	<b>\$ 122,085</b>	<b>\$ 119,688</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 49,098	\$ 18,921
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	5,194	8,181
(Increase) decrease in:		
Intergovernmental receivables	21,509	10,136
Other receivables	-	402
Increase (decrease) in:		
Accounts payable	(149,008)	(80,036)
Unearned revenue	18,462	
<b>Net cash provided (used) by operating activities</b>	<b>\$ (54,745)</b>	<b>\$ (42,396)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Pension & OPEB Trust Funds	Agency Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,323,945	\$ 854,907	\$ 3,178,852
Investments	44,269,242	-	44,269,242
Receivables	52,139	39,130	91,269
<b>TOTAL ASSETS</b>	<b>46,645,326</b>	<b>894,037</b>	<b>47,539,363</b>
<b>LIABILITIES</b>			
Accrued expenses	50,389	-	50,389
Deposits held in custody for others	-	894,037	894,037
<b>TOTAL LIABILITIES</b>	<b>50,389</b>	<b>894,037</b>	<b>944,426</b>
<b>NET POSITION</b>			
Held in trust for OPEB benefits	2,096,654	-	2,096,654
Held in trust for pension benefits	44,498,283	-	44,498,283
<b>TOTAL NET POSITION</b>	<b>\$ 46,594,937</b>	<b>\$ -</b>	<b>46,594,937</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

*Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the year ended June 30, 2020*

	Pension & OPEB Trust Funds
<b>ADDITIONS:</b>	
Contributions - employer	\$ 6,829,576
Contributions - plan members	409,770
Investment interest and dividends	1,266,025
Realized and unrealized gains and (losses)	<u>(465,766)</u>
<b>TOTAL ADDITIONS</b>	<u>8,039,605</u>
<b>DEDUCTIONS:</b>	
Benefits paid	6,259,822
Investment expense	<u>132,516</u>
<b>TOTAL DEDUCTIONS</b>	<u>6,392,338</u>
<b>CHANGE IN NET POSITION</b>	1,647,267
NET POSITION - BEGINNING OF YEAR	44,947,670
NET POSITION - END OF YEAR	<u>\$ 46,594,937</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town complies with generally accepted accounting principles (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 interfund activity has been eliminated from the government-wide financial statements.

***Reporting Entity***

The Town of North Providence was incorporated in 1765. The Town operates under a Council/Mayor form of government, with a seven member Town Council headed by a Council President.

In evaluating how to define the government 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. 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.

The financial statements include the North Providence Education Foundation and the North Providence Senior Center Association (501(C)3 entities) as blended component units which are reported as non-major Special Revenue Funds.

***Basis of Presentation***

***Government-Wide Financial Statements***

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

(CONTINUED)



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation (Continued)***

***Fund Financial Statements***

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, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the Town or meets the following criteria:

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

and

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

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

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

**Debt Service Funds**

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated.

**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 expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Funds**

Capital Projects 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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Governmental Funds (Continued)***

**Permanent Funds**

The Permanent Funds account for assets held by the Town pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town does not currently maintain any Permanent Funds.

**Proprietary Funds**

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include both Enterprise and Internal Service Funds. The Town currently has one Enterprise Fund and no Internal Service Funds.

**Fiduciary Funds (Not included in government wide statements)**

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes nine agency funds at June 30, 2020. Agency funds are custodial in nature (i.e. assets equal liabilities), and do not involve the measurement of results of operations. The agency funds are as follows:

- Unclaimed Estates
- Low Cost Spay/Neuter
- Animal Care Adoptions
- Performance Bond Fund
- Student Activities Fund (comprised of 15 Student Activity accounts)
- Seized Property
- Animal Care Donations
- Food Pantry Fund
- Realty Tax Transfer Account

**Private-Purpose Trust Funds**

Private-Purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town, and cannot be used at the Town's discretion or to support the Town's general operations. The reporting entity currently does not have any funds that meet the definition of a private-purpose trust fund.

**Pension and Other Post Employment Benefit Trust Funds (OPEB)**

Pension and Other Post Employment Benefit (OPEB) Trust Funds are used to account for resources legally held in trust for use for payment of pension and OPEB benefits, and cannot be used at the Town's discretion or to support the Town's general operations. The reporting entity has two such trust funds, Police Pension Trust Fund, and OPEB Trust Fund. These funds are used to account for the activity and balances of funds restricted for the future retirement benefits of public safety personnel and OPEB benefits for all Town personnel.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Non-Major Funds**

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General Fund:	See above for description.
Special Revenue Funds:	
School Unrestricted Fund	This fund is used to report all financial transactions of the North Providence School Department, which are not legally required to be accounted for separately.
Federal Forfeiture Fund	This fund is used to report all the financial transactions of the Town of North Providence relative to funding received from the Department of Justice from federal seizures. The funding is restricted for expenditures relative to the Police Department operations.
Capital Project Fund:	
School Bond Fund	This fund is used to report all the financial transactions of the Town of North Providence relative to construction of new schools and improvements to existing school buildings.
Proprietary Funds:	
School Cafeteria	Accounts for the operations of the school breakfast and lunch programs of the North Providence School Department. <i>(This fund did not meet the definition for classification as a major fund. However, management has elected to present the fund as a major fund.)</i>
<b>Non-Major:</b>	
Special Revenue Funds:	The Town of North Providence currently maintains thirty-five (40) Special Revenue Funds which are considered to be non-major governmental funds. The School Restricted Funds is comprised of 22 individual Special Revenue Funds. The details of the Special Revenue Funds can be found in the combining fund exhibits located in supplementary information.
Capital Project Funds:	The Town of North Providence currently maintains four (4) Capital Project Funds which have been classified as non-major governmental funds. The details of these funds can be found in the combining fund exhibits located in supplementary information.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus***

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below and the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes, State PILOT revenue, Telephone Tax revenue, and other miscellaneous revenue from the State of Rhode Island as available if they are collected within 60 days after year end. Grant revenue of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after fiscal year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized as revenue when received.
- (b) The proprietary funds and pension and OPEB trust funds utilize "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets, deferred outflow of resources, liabilities (whether current or noncurrent), and deferred inflow of resources associated with their activities are reported. Fund equity is classified as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

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

In the fund financial statements, governmental funds 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 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 which are reported when due.

All proprietary funds, agency funds, pension 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 is used.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Accounting (Continued)***

Amounts reported as program revenues include charges to customers or applicants for licenses, fees, goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the enterprise funds are charges for services provided in accordance with the fund's purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, & Net Position/Fund Balance***  
**Cash and Cash Equivalents**

Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Under Rhode Island general laws, depository institutions must insure deposits of municipalities or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of the date of maturity. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

State statutes and the Town charter authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

**Investments**

The Town invests in various types of investments, which are stated at fair value based on quoted market prices.

**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 accounts receivable amounted to approximately \$6,026,800 at June 30, 2020. The allowance for uncollectible accounts includes approximately \$4,200,000 for property taxes, \$788,500 for tax lien property, \$151,500 for municipal court fines, and \$886,800 for EMS rescue billing. Major receivable balances for the governmental activities include property taxes (approximately 73% of the net receivable balance at June 30, 2020).

In the fund financial statements, receivables in governmental funds include revenue accruals such as property taxes, EMS billings, municipal court, police details, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are reported as unearned revenue in the fund financial statements in accordance with modified accrual, but not reported as unearned in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material 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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, & Net Position/Fund Balance (Continued)***

**Property Taxes**

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of August 1 (levy date). Assessed values are established by the Tax Assessor's Office and are currently calculated at 100% of the value. Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 following the levy date or taxes may be payable by a 10 month payment plan starting in September and lasting through June. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepays recorded in governmental type funds do not reflect current appropriated resources and, thus, an equivalent portion of the fund balance is reported as nonspendable fund balance.

**Capital Assets**

The accounting treatment over capital assets 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 as discussed below.

**Government-Wide Statements**

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

The Town has adopted a formal capitalization policy which defined capital assets as assets with an estimated useful life in excess of one year and a cost basis of \$5,000 or more, except for land acquisitions which are recorded as capital assets regardless of the cost.

The government-wide financial statements include all infrastructure assets in accordance with GASB Statement #34.

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 estimated useful life using the straight-line method of depreciation.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, & Net Position/Fund Balance (Continued)***

**Capital Assets (Continued)**

**Government-Wide Statements (Continued)**

The estimated useful lives by type of asset is as follows:

Land Improvements	20 years
Buildings and improvements	20 to 100 years
Equipment, Furniture, and Fixtures	3 to 20 years
Vehicles	3 to 20 years
Infrastructure	20 to 50 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2020 the Town of North Providence, Rhode Island had items qualifying as deferred outflows of resources in the government-wide statement of net position related to the pension and OPEB plans. These deferred outflow of resources related to pension and OPEB plans are deferred and included as a component of pension/OPEB expense in future periods using a systematic and rational manner.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2020 the Town of North Providence, Rhode Island had one item qualifying as a deferred inflow of resources in the governmental funds balance sheet and items reported in the government-wide statement of net position related to pension and OPEB plans. Unavailable revenue – property taxes, EMS, Fines etc. reported in the fund statements represents property taxes receivables which are assessed on December 31, 2018 and prior and are not collected within 60 days of June 30, 2020 as well as fees for rescue services and fines billed but deemed unavailable at year end. The deferred inflows of resources reported on the government-wide financial statements are related to pension and OPEB plan reporting requirements in accordance with GASB Statement #68 and #75, respectively. These deferred inflows consisted of the difference between actual and expected experience; difference between projected & actual earnings; and changes in assumptions. These deferred inflows related to pension and OPEB plans are deferred and included in pension/OPEB expense in future periods using a systematic and rational manner.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, & Net Position/Fund Balance (Continued)***

**Interfund Transactions**

Interfund activity within and among the funds of the Town 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.
  - 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. In proprietary funds transfers are reported after nonoperating revenues and expenses.
  - 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.

**Net Position**

Net position is classified in three components:

- (a) Net investment in capital assets - Consists of capital assets including restricted 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.
  
- (b) Restricted net position - Consists of net position with constraints placed on the use 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 remaining net position that does not meet the definition of "restricted" or "net investment in capital assets". A deficit would require future funding.

**Fund Balance**

In accordance with GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. These categories are defined below:

(CONTINUED)

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, & Net Position/Fund Balance (Continued)***

**Fund Balance (Continued)**

- (a) Non-spendable Fund Balance – Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- (b) Restricted Fund Balance – Amounts that are restricted to specific purposes. Amounts are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislature.
- (c) Committed Fund Balance – Amounts that can be used only for 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 specific use by taking the same type of action it employed to previously commit those amounts. The highest level of decision-making authority for the Town of North Providence is the Town Council. The Town Council passes Town Ordinances to establish committed fund balance.
- (d) Assigned Fund Balance – 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 (1) the governing body itself or (2) 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 Town currently does not have a policy defining who has the ability to assign fund balance.
- (e) Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may need to report a negative unassigned fund balance.

**Application of Funds**

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first [as allowed and in compliance with stated and specified terms or requirements], followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

**Compensated Absences**

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. Compensated absences are accrued at varying amounts based on the collective bargaining unit contracts of the various unions.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amounts of assets and liabilities 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.

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes a 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 \$138,342,274 are as follows:

Bonds & notes payable, including bond premium....	\$ 78,162,073
Accrued IBNR claims.....	550,672
Net OPEB liability .....	51,327,132
Compensated absences.....	8,302,397
<b>Total .....</b>	<b><u>\$138,342,274</u></b>

**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 \$12,672,042 difference are as follows:

Capital outlays capitalized Government-wide .....	\$14,759,586
Depreciation expense.....	<u>(2,087,544)</u>
<b>Net adjustment – increase net position .....</b>	<b><u>\$12,672,042</u></b>

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 (\$2,910,700) difference are as follows:

Unavailable revenue - ending.....	\$ 2,015,949
Unavailable revenue – beginning.....	<u>(4,926,649)</u>
<b>Net adjustment –decrease net position .....</b>	<b><u>(\$ 2,910,700)</u></b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, "Changes in Net Pension Asset, Deferred Outflow of Resources related to pension plans, Net Pension Liabilities, and Deferred Inflows of Resources related to pension plans results in an increase or decrease in the pension expense reported in the Statement of Activities." The details of this (\$4,271,119) difference are as follows:

Decrease in Deferred Outflows for pension plans....	(\$ 3,389,693)
Decrease in Net Pension Liability for fiscal 2020 .....	16,709,529
Increase in Deferred Inflows for pension plans .....	<u>(17,590,955)</u>
<b>Net adjustment (decrease net position).....</b>	<b><u>(\$ 4,271,119)</u></b>

**Recently Issued Accounting Standards**

During the fiscal year ended June 30, 2020, the Town implemented the following new accounting pronouncements which did not have an impact on the financial statements:

- GASB Statement No. 90 – Majority Equity Interest – An Amendment to GASB Statements No. 14 and No. 61.

The following are recently issued governmental accounting standards which will be applicable in future years. The impact on the Town's financial statements has not yet been determined:

- GASB Statement No. 84 – Fiduciary Activities, effective for the fiscal year ending June 30, 2020. Delayed until fiscal year ending June 30, 2021.
- GASB Statement No. 87 – Leases, effective for the fiscal year ending June 30, 2021. Delayed until fiscal year ending June 30, 2022.
- GASB Statement No. 91 – Conduit Debt Obligations, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 92 – Omnibus 2020, effective fiscal year ending June 30, 2022.
- GASB Statement No. 93 – Replacement of Interbank Offered Rates, sections are effective on various dates commencing with the fiscal year ending June 30, 2021.
- 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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pensions***

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of North Providence, Rhode Island's various pension plans (described in more detail in Note 12) and additions to/deductions from the pension plans fiduciary net position have been determined on the same basis as they have been reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of North Providence's OPEB Trust Fund and additions to/subtractions from the OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the Trust Fund. For this purpose, the OPEB Trust Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at original cost.

***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services (example - outstanding unfilled purchase orders). Encumbrance accounting is utilized by the Town's General Fund to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances are reported as expenditures for budgetary purposes but are not reported as expenditures in accordance with GAAP. At June 30, 2020 and 2019, the Town did not have any encumbrances outstanding.

***Comparative Information***

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of North Providence, Rhode Island's financial statements for the year ended June 30, 2019 from which the partial information was derived

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**2. BUDGETARY PROCESS**

**(a) Adoption**

In accordance with the North Providence Legislative Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund. The annual operating budget for the General Fund is subject to adoption by the Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted by the Town Council. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. Appropriations, which are not expended lapse at year end. The Town's General Fund and School Unrestricted Fund operating budgets are in conformance with generally accepted accounting principles and the budget to actual presentations reflect the same basis of accounting.

Amendments to the operating budget that do not result in additional appropriations may be made within departments by means of a transfer. The Mayor has authority to make such transfers within departments. Any other transfers made outside the department level during the fiscal year require Town Council approval. The level on which all budgeted funds may not legally exceed appropriations is at the departmental level.

**3. CASH AND INVESTMENTS**

The State of Rhode Island requires, that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

***Deposits***

The carrying amount of the Town's cash and cash equivalents at June 30, 2020 was \$31,993,591 (including Fiduciary Funds of \$3,178,852) while the financial institution balance was approximately \$33,188,630. Of the balance maintained at the financial institutions, approximately \$5,015,000 was covered by federal depository insurance, \$2,285,100 was maintained at an investment brokerage firm and was uninsured, while the remaining amount was collateralized. The deposits noted above do not include cash held in escrow at June 30, 2020, totaling \$4,891,926, which represent proceeds from School Bond issues which had not been requested for draw as of June 30, 2020.

***Investments***

Investments of all idle funds shall be made through national banks or trust companies, providing that the financial conditions and integrity of said institution or institutions are verifiable and can be monitored. The investment of funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution shall not exceed 5% of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments will be made as would be done by prudent persons of discretion and intelligence in such matters who are seeking a reasonable rate of return and preservation of capital.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**3. CASH AND INVESTMENTS (Continued)**

At June 30, 2020 the Town's investments were maintained solely in the Fiduciary Funds. Investments in the Police Pension Trust Fund, and the OPEB Trust Fund totaled \$44,269,242 (\$42,172,588 in the Police Pension Trust Fund and \$2,096,654 in the OPEB Trust Fund). These investments consisted of the following:

	<u>Fair</u> <u>Value</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u>	<u>Rating</u>
Mutual Funds and ETFs	\$ 29,257,739	n/a	n/a	not rated
Equities/Common Stock	5,816,571	n/a	n/a	not rated
Corporate Bonds	503,313	2.6% - 4.125%	1/2022 - 4/2050	A1
Corporate Bonds	407,295	2.375% - 4.0%	8/2022 - 4/2050	A2
Corporate Bonds	1,059,964	2.6% - 6.5%	12/2020 - 10/2048	A3
Corporate Bonds	108,487	2.397% - 3.043%	3/2022 - 3/2026	AA1
Corporate Bonds	308,106	1.998% - 4.25%	4/2024 - 1/2049	AA2
Corporate Bonds	68,689	3.0% - 3.8%	3/2030 - 9/2047	AA3
Corporate Bonds	115,929	2.7% - 6.95%	2/2025 - 9/2029	AAA
Corporate Bonds	797,612	3.15% - 6.875%	2/2022 - 9/2044	BAA1
Corporate Bonds	806,834	3.2% - 5.125%	10/2021 - 7/2045	BAA2
Corporate Bonds	610,469	3.3% - 5.5%	10/2023 - 7/2030	BAA3
Government Bonds	988,254	.25% - 4.75%	6/2021 - 2/2050	AAA
Municipal Bonds	366,144	2.49% - 5.55%	11/2020 - 8/2027	AA1
Municipal Bonds	114,913	4.85%	7/1/2048	AA2
Government Asset Back/CMO	2,503,643	2.5% - 6.50%	3/2021 - 6/2050	not rated
Corporate Asset Backed Securities	435,280	2.25% - 3.717%	11/2020 - 9/2048	AAA
<b>Total</b>	<b><u>\$ 44,269,242</u></b>			

The fair value measurements of the investments noted above have been classified by the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. The levels of the fair value hierarchy are as follows:

- **Level 1 inputs** = Quoted price for identical assets in an active market.
- **Level 2 inputs** = (A) Quoted prices for similar assets or liabilities in active markets; (B) Quoted prices for identical or similar assets or liabilities in markets that are not active; (C) Inputs other than quoted prices that are observable for the assets or liability, such as (1) interest rates and yield curves observable at commonly quoted intervals (2) implied volatilities (3) credit spreads; (D) Market-corroborated inputs.
- **Level 3 inputs** = Unobservable inputs for an asset or liability are significant to the fair value measurement.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level:</b>				
U.S. Government Bonds	\$ 988,254	\$ 988,254		
U.S. Government Asset Backed/CMO	2,503,643	2,503,643		
Corporate Asset Backed Securities	435,280	-	\$ 435,280	
Corporate Bonds	4,786,698	4,786,698		
Municipal Bonds	481,057	481,057		
U.S. Listed Equities	5,816,571	5,816,571		
Equity Mutual Funds	25,890,083	-	25,890,083	
Bond Mutual Funds	3,367,656	-	3,367,656	
<b>Totals</b>	<b><u>\$ 44,269,242</u></b>	<b><u>\$ 14,576,223</u></b>	<b><u>\$ 29,693,019</u></b>	<b><u>\$ -</u></b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**3. CASH AND INVESTMENTS (Continued)**

***Interest Rate Risk***

The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools. The investments noted above do not specify a rate of return rather the rate of return is dependent on operating results and economic conditions.

***Concentration of Credit Risk***

At June 30, 2020, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although virtually all of the investments are held in common stock and mutual funds, these investments were in a wide range of companies and various industries enabling the Town to minimize its risk.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town 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 Town. Additionally, the Town places deposits in financial institutions that are FDIC insured up to \$250,000, rated "well capitalized" on its most recent audited financial statement/SEC filings if deposits exceed \$250,000, and if the capital ratios are currently acceptable but appear to be in jeopardy, the Town will engage an outside rating agency to determine status of the institution. The Town also ensures that all uninsured deposits greater than \$250,000 are collateralized.

***Credit Risk***

Generally credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation and the Town will not be able to recover the value of its investment or collateral securities possessed by another party. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. At June 30, 2020, the Town's investments included investments in corporate and municipal bonds totaling \$6,256,009, which are subject to credit risk of the issuing entity.

**4. PROPERTY TAXES**

During the year ended June 30, 2020, the Town received \$4,609,050, from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last few years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$41.95 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008, 2008-2009, and 2009-2010 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$41.95.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**4. PROPERTY TAXES (Continued)**

During fiscal 2018, the State of Rhode Island passed legislation to reinstate that motor vehicle phase-out program. The details of the motor vehicle phase-out program are covered under Rhode Island General Laws 44-34.1-1 and 44-34.1-2. In summary, for fiscal 2018 municipalities shall provide an exemption equal to the greater of \$1,000 or the exemption which the municipality was providing in fiscal 2017. This exemption increases by \$1,000 per year commencing in fiscal 2019 through fiscal 2023 when the exemption will be equal to \$6,000. Effective with fiscal 2024 and thereafter, no tax may be levied on motor vehicles. In addition, the tax rate on motor vehicles may not exceed the rate which was in effect for fiscal 2017 and shall not exceed the following per thousand of assessed value: \$60 for fiscal 2018; \$50 fiscal 2019; \$35 fiscal 2020 and 2021; \$30 for fiscal 2022; and \$20 fiscal 2023. The maximum taxable value of the motor vehicle must be at the percentages prescribed in Rhode General Law 44-34-11. The percent in effect for fiscal 2018 was 95%. This percentage is reduced by 5% annually commencing with fiscal 2019 through fiscal 2023 when the percentage would be 70%. The Town's fiscal 2018, baseline for reimbursement was calculated as the motor vehicle and trailer excise tax levy that would be generated by applying the fiscal 2017, motor vehicle and trailer excise tax calculation methodology to the assessed value of motor vehicles and trailers as of fiscal 2018. The amount of the reimbursement received was the difference between the fiscal 2018, baseline and the certified levy as confirmed by the Rhode Island Department of Revenue.

An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 12% per annum calculated on the unpaid portion of the total tax. The Town does not record interest on delinquent taxes until payment is received.

Net property taxes levied for fiscal year 2020 were based on a net assessed value of approximately \$2,325,562,000 at December 31, 2018, and amounted to approximately \$69,889,200. Collections on this assessment through June 30, 2020, amounted to approximately \$68,065,000, which represents approximately 97.4% of the total tax levy. The collection percentage including the 60 day rule receipts and less abatements and adjustments was approximately 98.6% for fiscal 2020.

The Town recognizes property tax revenues in accordance with generally accepted accounting principles on the Fund statements. Unpaid property taxes as of June 30, 2020 (\$2,648,153) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$4,200,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2020 are recorded as unavailable revenue and amounted to \$1,720,708 at June 30, 2020. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2020 (due to their collection within the 60 days immediately following June 30, 2020) amounted to \$927,445.

**5. ABATEMENTS – TAX TREATY AGREEMENTS**

The Town of North Providence may, from time to time, enter into tax abatement agreements (tax treaty agreements) with local businesses in accordance with provisions of Rhode Island Public Laws, 1960, Chapter 7, Section 44-3-9, and various provisions of the General Laws of the State of Rhode Island. In accordance with the applicable Public Law and the General Laws of the State of Rhode Island, the Town may enter into tax treaty agreements which provide exemption or stabilization of taxes as a means to induce businesses to locate to the Town. These agreements are considered to be in the best public interest of the Town as they provide incentives for businesses to locate, maintain, or expand business in the Town which will result an increase in the tax base of the Town, provide increased tax revenue, enhance property values in Town, help the overall economic climate of the Town, and in some instances, create employment opportunity for the residents of the Town. As of June 30, 2020, the Town of North Providence maintained two tax treaty/tax abatement agreements in accordance with Town Ordinances establishing Article V of Chapter 32 of the Code of Ordinances of the Town of North Providence. These agreements provided tax relief to businesses in the form of tax exemption and tax stabilization agreements for real and tangible property taxes. Listed below is a summary of information pertaining to these agreements for the fiscal year ended June 30, 2020.

(CONTINUED)

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**5. ABATEMENTS – TAX TREATY AGREEMENTS (Continued)**

- Tax exemption and stabilization agreement with a hospital dated May 5, 2015 in accordance with the RI General Laws section 44-3-9. The tax stabilization amount paid by the hospital for real property was \$648,000 for the fiscal year ended June 30, 2020. The tax abatement received under this agreement for real property totaled approximately \$1,522,000 (70%) for the fiscal year ended June 30, 2020. In addition to the stabilization of taxes for real property, the agreement also provides a schedule for stabilization of tangible property. No payments were received on the tangible property for the fiscal year ended June 30, 2020, and the amount of savings is unavailable due to the unknown value of the tangible property for fiscal 2020. This agreement is for a ten year period and is currently scheduled to terminate on June 30, 2025.
- Tax exemption and stabilization agreement with a developer of residential apartments dated September 1, 2015 in accordance with the RI General Laws section 44-3-9. The tax stabilization amount paid was \$77,289 for the fiscal year ended June 30, 2020. The tax abatement received under this agreement for real property totaled approximately \$235,700 (75%) for the fiscal year ended June 30, 2020. In addition to the stabilization of taxes for real property, the agreement also requires \$0 in payment for tangible property. The amount of savings is unavailable due to the unknown value of the tangible property for fiscal 2020. This agreement is for a seven year period and is currently scheduled to terminate on June 30, 2023.

**6. ACCOUNTS RECEIVABLE**

At June 30, 2020 General Fund accounts receivable on the fund statements consisted of the following:

	Receivable Balance	Allowance	Net Receivable
Property taxes.....	\$ 6,848,153	\$ (4,200,000)	\$ 2,648,153
Tax lien property.....	788,515	(788,515)	-
Municipal Court fees.....	222,877	(151,491)	71,386
EMS Rescue billings.....	1,108,536	(886,829)	221,707
Receivable from pension trust fund.....	50,389	-	50,389
Other receivables.....	324,280	-	324,280
<b>Total</b> .....	<b><u>\$ 9,342,750</u></b>	<b><u>\$ (6,026,835)</u></b>	<b><u>\$ 3,315,915</u></b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**7. CAPITAL ASSETS**

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

	Balances <u>7/1/19</u>	Additions	Retirements & <u>Disposals</u>	Balances <u>6/30/20</u>
<b>Governmental Activities:</b>				
<b>Nondepreciable Assets:</b>				
Land	\$ 21,363,483	\$ 314,967	\$ -	\$ 21,678,450
Construction in progress	88,510,795	11,247,204	40,141,025	59,616,974
<b>Total nondepreciable assets</b>	<u>109,874,278</u>	<u>11,562,171</u>	<u>40,141,025</u>	<u>81,295,424</u>
<b>Depreciable Assets:</b>				
Buildings and improvements	49,318,371	39,543,469	-	88,861,840
Land improvements	1,774,232	80,235	-	1,854,467
Vehicles	8,097,207	152,358	134,717	8,114,848
Equipment, furniture and fixtures	9,764,699	1,579,905	46,176	11,298,428
Infrastructure	13,669,285	1,982,473	-	15,651,758
<b>Total depreciable assets</b>	<u>82,623,794</u>	<u>43,338,440</u>	<u>180,893</u>	<u>125,781,341</u>
<b>Total cost</b>	<u>192,498,072</u>	<u>54,900,611</u>	<u>40,321,918</u>	<u>207,076,765</u>
<b>Accumulated Depreciation:</b>				
Building and improvements	(27,039,368)	(872,465)	-	(27,911,833)
Land improvements	(434,815)	(64,745)	-	(499,560)
Vehicles	(6,196,211)	(225,202)	(134,717)	(6,286,696)
Equipment, furnitures and fixtures	(4,528,279)	(509,382)	(46,176)	(4,991,485)
Infrastructure	(5,907,044)	(415,750)	-	(6,322,794)
<b>Total acumulated depreciation</b>	<u>(44,105,717)</u>	<u>(2,087,544)</u>	<u>(180,893)</u>	<u>(46,012,368)</u>
<b>Net capital assets</b>	<u>\$ 148,392,355</u>	<u>\$ 52,813,067</u>	<u>\$ 40,141,025</u>	<u>\$ 161,064,397</u>
<b>Business-type Activities:</b>				
Machinery, equipment and furniture	\$ 113,318	\$ -	\$ -	\$ 113,318
<b>Accumulated Depreciation:</b>				
Machinery, equipment and furniture	(100,334)	(5,194)	-	(105,528)
<b>Net capital assets</b>	<u>\$ 12,984</u>	<u>\$ (5,194)</u>	<u>\$ -</u>	<u>\$ 7,790</u>

Depreciation expense for the year ended June 30, 2020 was charged to the following functions/programs of the Town:

<b>Governmental Activities:</b>	
Legislative, judicial and administrative	\$ 219,844
Public safety	477,773
Public services/works	343,084
Grants and Contributions	245,394
Education	801,449
<b>Total</b>	<u>\$ 2,087,544</u>
<b>Business-type Activities:</b>	
School Cafeteria Fund	<u>\$ 5,194</u>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**8. DUE FROM FEDERAL AND STATE GOVERNMENTS**

Due from federal and state governments represent balances on contracts, awards, and grants as well as for services provided and consisted of the following at June 30, 2020:

<b>General Fund:</b>	
State of Rhode Island .....	\$ 460,846
<b>School Unrestricted Fund:</b>	
State of Rhode Island – EDS – Medicaid Funding .....	120,064
Rhode Island Department of Education .....	250,454
<b>Non-Major Governmental Funds:</b>	
State of Rhode Island (RIDE) .....	1,056,725
State of Rhode Island Office of Housing, RIEMA etc. ....	112,800
<b>School Cafeteria Fund:</b>	
State of Rhode Island .....	30,083
<b>Total all fund types</b> .....	<u>\$2,030,972</u>

The receivable from the U. S. Department of Justice represents amounts awarded to the Town of North Providence through the federal forfeiture program. As of June 30, 2020 this amount was considered earned by the Town but is reported as unavailable for revenue recognition in the fund financial statements.

**9. INTERFUND BALANCES**

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of interfund balances at June 30, 2020 is as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
<b><u>Governmental Funds:</u></b>		
<b>Major Governmental Funds:</b>		
General Fund .....	\$ 48,991	\$5,179,721
School Bond Fund .....	120,539	0
School Unrestricted Fund .....	4,637,413	113,888
<b>Total Major Governmental Funds</b> .....	<u>4,806,943</u>	<u>5,293,609</u>
<b>Non-major Governmental Funds:</b>		
Special Revenue Funds .....	1,618,114	1,092,247
Capital Project Funds .....	604,680	698,898
<b>Total Non-Major Governmental Funds</b> .....	<u>2,222,794</u>	<u>1,791,145</u>
<b><u>Business-Type Funds:</u></b>		
School Lunch Fund .....	55,017	0
<b>Total Interfund Balances</b> .....	<u>\$7,084,754</u>	<u>\$7,084,754</u>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**10. LONG-TERM DEBT**

(a) At June 30, 2020, the Town's long-term debt outstanding and activity consisted of the following:

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	Outstanding June 30, 2019	Additions	Retirements	Outstanding June 30, 2020	Due Within One Year
<b>Governmental activities:</b>									
<b>General obligation bonds:</b>									
General Obligation Bond .....	02/15/07	\$ 3,500,000	6/12 & 6/27	4.0-5.375%	\$1,400,000		\$ 175,000	\$1,225,000	\$ 175,000
RIHEBC Refunding Bond .....	12/19/13	9,635,000	11/15/23	1.0% - 5.0%	5,345,000		975,000	4,370,000	1,015,000
General Obligation Refunding .....	2/27/14	2,165,000	9/15/23	.63% - 3.77%	820,000		250,000	570,000	250,000
School Building Authority Capital Bond	06/30/16	218,000	6/1/2021	.94%	86,000		43,000	43,000	43,000
2017 School Revenue Bond 2017G .....	08/03/17	36,655,000	5/15/2042	3.0% - 5.0%	36,655,000		4,500,000	32,155,000	880,000
Premium on 2017G School Bond .....	08/03/17	4,343,070			3,995,624		173,723	3,821,901	0
2019 School Revenue Bond 2019A.....	04/11/19	30,045,000	5/15/2042	3.3% - 5.0%	30,045,000		350,000	29,695,000	780,000
Premium on 2019A School Bond.....	04/11/19	4,822,292			4,778,612		209,665	4,568,947	0
Premium on Refunding Bond.....	12/19/13	542,013			271,008		54,201	216,807	0
<b>Total general obligation bonds .....</b>		<b>\$16,060,013</b>			<b>83,396,244</b>	<b>\$ 0</b>	<b>6,730,589</b>	<b>76,665,655</b>	<b>3,143,000</b>
<b>Direct Borrowing and Direct Placements:</b>									
<b>Notes and lease purchase obligations:</b>									
2012 Ladder Truck .....	09/09/11	\$ 667,854	09/09/21	2.90%	145,402		71,662	73,740	73,740
2014 Pumper Truck .....	03/14/14	407,695	03/14/23	3.75%	174,149		41,163	132,986	42,707
2017 E-One Typhoon 1500 GPM .....	02/10/17	529,985	08/10/26	2.93%	430,312		48,512	381,800	49,933
Street lighting fixtures .....	10/27/17	1,241,034	10/27/24	2.48%	1,076,503		168,611	907,892	172,793
<b>Total lease purchase obligations ..</b>		<b>\$ 2,846,568</b>			<b>1,826,366</b>	<b>0</b>	<b>329,948</b>	<b>1,496,418</b>	<b>339,173</b>
Compensated absences .....					7,074,605	1,227,792	0	8,302,397	900,000
IBNR claims .....					559,945	550,672	559,945	550,672	550,672
					<b>7,634,550</b>	<b>1,778,464</b>	<b>559,945</b>	<b>8,853,069</b>	<b>1,450,672</b>
<b>Governmental activities long-term liabilities .....</b>					<b>\$92,857,160</b>	<b>\$1,778,464</b>	<b>\$7,620,482</b>	<b>\$87,015,142</b>	<b>\$4,932,845</b>

On June 27, 2018, the Town Council passed Ordinance 18-008 authorizing the issuance of bonds and notes in an amount not exceeding \$3,000,000 to finance the acquisition of land and the development, construction, improving, and equipping of recreational facilities. As of the date of these financial statements the Town has not issued the financing under this Ordinance.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**10. LONG-TERM DEBT (Continued)**

**(b) Additional Debt Information**

State law limits the amount of bonded debt that a municipality can enter into without legislation. The debt cap cannot exceed 3% of the assessed value of taxable property of the Town. Accordingly, the maximum bonded debt obligations that the Town of North Providence could enter into is approximately \$69,767,000 which is 3% of the assessed value of property at December 31, 2018 (\$2,325,562,000). The Town's total bonded debt at June 30, 2020 was \$68,058,000 which is less than the maximum amount allowed. In addition, the School Bonds in the amount of \$61,850,000 are exempt from the 3% calculation and therefore, the Town's debt subject to the legal debt limits is approximately \$6,208,000 at June 30, 2020.

Interest accrued on debt obligations is reported as a liability and expense in the government-wide financial statements. However, it is not reported in the Fund Statements until it is paid with measurable and available resources. Accrued interest expense recorded for the tax anticipation note obligations and long-term debt obligations of the Governmental Activities was approximately \$397,600, at June 30, 2020.

Compensated absences of \$8,302,397 at June 30, 2020 represent vested sick, personal, and vacation time earned by employees as of June 30, 2020 in accordance with their applicable employment contracts. This balance is comprised of \$4,952,569, for Town personnel and \$3,349,828, for School Department personnel.

**(c) Debt Service Requirements**

The Town's future debt service requirements relating to outstanding bond and lease purchase obligations consist of the following and are planned to be raised through future property tax levies, fee assessments, and state aid for school housing and library improvements. The future maturities presented below does not include the amortization of the bond premium.

Year(s) ending June 30:	<u>Governmental Activities</u>						
	<u>Bonds</u>			<u>Direct Borrowings &amp; Direct Placements</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>All Debt</u>
2021.....	\$ 3,143,000	\$ 3,129,012	\$ 6,272,012	\$ 339,173	\$ 40,829	\$ 380,002	\$ 6,652,014
2022.....	3,215,000	2,995,468	6,210,468	272,782	31,341	304,123	6,514,591
2023.....	3,130,000	2,866,338	5,996,338	280,342	23,781	304,123	6,300,461
2024.....	3,270,000	2,719,150	5,989,150	240,422	16,007	256,429	6,245,579
2025.....	2,155,000	2,593,396	4,748,396	246,629	9,799	256,428	5,004,824
2026-2030.....	11,860,000	11,287,669	23,147,669	117,070	5,170	122,240	23,269,909
2031-2035.....	14,665,000	8,102,705	22,767,705	-	-	-	22,767,705
2036-2040.....	18,155,000	4,613,323	22,768,323	-	-	-	22,768,323
2041-2042.....	8,465,000	640,000	9,105,000	-	-	-	9,105,000
<b>Total</b>	<u>\$ 68,058,000</u>	<u>\$ 38,947,061</u>	<u>\$ 107,005,061</u>	<u>\$ 1,496,418</u>	<u>\$ 126,927</u>	<u>\$ 1,623,345</u>	<u>\$ 108,628,406</u>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**10. LONG-TERM DEBT (Continued)**

**(d) Advanced and Current Refundings and Defeased Debt**

Proceeds of refunding bonds are deposited into an irrevocable escrow trust. The trust is held by an independent trustee and is invested in obligations of the United States Government which mature and bear interest in such amounts and at such times as will be sufficient to pay the principal and interest of the defeased bonds upon maturity. Accordingly, the escrow trust fund, as well as the defeased bonds, would not be reflected in the financial statements of the Town of North Providence, Rhode Island. The Town does not have any defeased bonds outstanding at June 30, 2020.

**(e) Schedule of long-term debt by purpose at June 30, 2020 is as follows:**

	<u>Amount</u>	<u>Percent</u>
School and public improvement bonds and premiums ....	\$76,665,655	88%
Lease purchase obligations .....	1,496,418	2%
IBNR claims .....	550,672	1%
Compensated absences .....	8,302,397	9%
<b>Total</b> .....	<u>\$87,015,142</u>	<u>100%</u>

**11. FUND BALANCES (DEFICITS)**

**(a) Fund Balances**

As stated in Note 1, Fund Balance may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned. The detail of the composition of Nonspendable, Restricted, and Committed Fund Balance is as follows:

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

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Prepaid expenditures – health care deposits .....	\$349,000
Miscellaneous prepaid expenditures .....	40,736
<b>Total General Fund</b> .....	<u>389,736</u>

**School Unrestricted Fund:**

Prepaid expenditures .....	48,049
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**Total Nonspendable Fund Balance** ..... \$437,785

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

**MAJOR GOVERNMENTAL FUNDS:**

**Federal Forfeiture Fund:**

Restricted for law enforcement expenditures .....	\$ 5,025,447
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**School Bond Fund:**

Restricted for construction of new schools .....	5,012,465
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**Total Major Governmental Funds** ..... 10,037,912

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**11. FUND BALANCES (DEFICITS) (Continued)**

**(a) Fund Balances (Continued)**

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

**NONMAJOR GOVERNMENTAL FUNDS:**

**Special Revenue Funds:**

Community development programs .....	10,373
Police/Public safety programs .....	408,018
Preservation of records and technology.....	142,152
Educational programs.....	180,499
Community events.....	7,682
Senior Center .....	31,147
Public Works/service projects.....	21,298

**Capital Project Funds:**

Town Capital Project Fund .....	<u>351,151</u>
<b>Total NonMajor Governmental Fund .....</b>	<b><u>1,152,320</u></b>

**Total Restricted Fund Balance..... \$11,190,232**

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

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Budgetary reserve in accordance with Resolution & Charter, Section 6, Article 5, Chapter 2 .....	\$3,892,377
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**School Unrestricted Fund:**

Committed to Education .....	<u>1,562,525</u>
<b>Total Major Governmental Funds .....</b>	<b><u>5,454,902</u></b>

**NONMAJOR GOVERNMENTAL FUNDS:**

**Special Revenue Funds:**

Land acquisition and preservation.....	200,000
Recycling program.....	217,767
Recreation program.....	179,215
Senior Center .....	64,001
Public works projects.....	456,960

**Capital Projects Funds:**

Fire Equipment acquisitions .....	214,642
Elementary School improvements.....	<u>162,186</u>
<b>Total NonMajor Governmental Fund .....</b>	<b><u>1,494,771</u></b>

**Total Committed Fund Balance .....** **\$6,949,673**

The Town of North Providence 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 Town 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 Town considers restricted fund balance to be used first when available and when expenditures are incurred that meet the requirements of the restricted fund balance.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**11. FUND EQUITY BALANCES (DEFICITS) (Continued)**

**(b) Fund Deficits (Continued)**

The following individual funds had negative unassigned fund balance at June 30, 2020:

**Nonmajor Governmental Funds:**

Decon Grants .....	\$ 1,590
North Providence Education Foundation .....	18
School Capital Reserve .....	<u>214,615</u>
<b>Total Negative Unassigned Fund Balance.....</b>	<b><u>\$ 216,223</u></b>

The deficit fund balances noted above will be funded in future years when grant revenue is received and when the housing aid and other reimbursements are received for the School Capital Projects Fund.

The following individual funds had operating deficits for the fiscal year ending June 30, 2020:

**Major Governmental Funds:**

School Bond Fund .....	<u>\$ 9,267,286</u>
<b>Total deficits major Governmental Funds .....</b>	<b><u>\$ 9,267,286</u></b>

**Nonmajor Governmental Funds:**

**Special Revenue Funds**

Community Development Block Grant .....	\$ 73,951
Treasury Forfeiture Fund .....	14,100
Fire Prevention .....	17,955
Recording Fees Fund .....	62,202
Decon Grant .....	1,590
Youth Commission/Special Fund .....	194,529
North Providence Educational Foundation .....	41,469

**Capital Project Funds**

School Capital Reserve .....	<u>20,930</u>
<b>Total deficits non-major governmental funds ...</b>	<b><u>\$ 426,726</u></b>

**12. INTERFUND TRANSFERS**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2020 is as follows:

<b><u>Transfer Out</u></b>	<b>School Unrestricted Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Transfer Out</b>
General Fund .....	\$32,850,260	\$ 27,619	\$32,877,879
Nonmajor Governmental funds..	-	200,000	<u>200,000</u>
<b>Total transfer in .....</b>	<b><u>\$32,850,260</u></b>	<b><u>\$227,619</u></b>	<b><u>\$33,077,879</u></b>

(CONTINUED)



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**13. DEFINED BENEFIT PENSION PLANS**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board**

**General Information about the Pension Plan**

**Plan Description** - The Municipal Employees' Retirement System (MERS) – an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee's Retirement System of Rhode Island's (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.

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

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

**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 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

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

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

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

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

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

**Police and Fire employees in MERS**

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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

***Police and Fire employees in MERS***

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

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

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

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

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

Police Officers in the Town of North Providence do not participate in the MERS Plan.

***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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (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 described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.
- d. The Town of North Providence has not adopted the COLA plan for its' general or fire employees. However, the Town is paying a COLA to Fire Department personnel in accordance with the terms of the collective bargaining agreement. The Town of North Providence's Fire Plan under MERS adopted the 20-year option described above.

**Employees covered by benefit terms.**

At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

	<b>General Employees MERS Plan</b>	<b>Fire Employees MERS Plan</b>
Retirees and Beneficiaries	191	84
Inactive, Nonretired Members	106	11
Active Members	221	92
<b>Total</b>	<b>518</b>	<b>187</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees under the COLA plan are required to contribute 2% while General employees under the non COLA plan 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 10% of their salaries. The Town of North Providence, Rhode Island 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 contribution rates for fiscal 2020, were determined by the actuarial valuation dated June 30, 2017.

The contribution information for the fiscal year ended June 30, 2020, for the MERS Plans is as follows:

	<b>General Employees MERS Plan</b>	<b>Fire Employees MERS Plan</b>
Employer Contributions (rounded)	\$ 572,100	\$ 1,676,400
Covered Payroll (rounded)	\$ 9,287,300	\$ 6,122,700
Percentage of annual covered payroll	6.16%	27.38%

**Net Pension Liability (Asset)** - The total pension liability for the MERS Plans were determined by actuarial valuations performed as of June 30, 2018, and rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability (Asset) at the June 30, 2019, measurement date (June 30, 2018, valuation rolled forward to June 30, 2019)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	23 years at June 30, 2016, which is the date used to determine the contribution requirement for fiscal 2019
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Projected Salary Increases	<u>General Employees</u> 3.5% to 7.5%
	<u>Police &amp; Fire Employees</u> 4% to 14%
Inflation	2.50%
Mortality	Mortality variants of the RP-2014 mortality tables – for the improvement scale, updated to the ultimate rates of MP-2016 projection scale.
Cost of Living Adjustments (COLA)	A 2% COLA is assumed after January 1, 2014.

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

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2019, expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<b>Growth:</b>		
<b>Global Equity:</b>		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	8.90%
<b>Sub-total</b>	<b>40.00%</b>	
<b>Private Growth:</b>		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
OPP Private Credit	1.50%	9.81%
<b>Sub-total</b>	<b>15.00%</b>	
<b>Income:</b>		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Stability:</b>		
<b>Crisis Protection Class:</b>		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Inflation Protection:</b>		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPS	1.00%	1.37%
Natural Resources	1.00%	3.76%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Volatility Protection:</b>		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
<b>Sub-total</b>	<b>21.00%</b>	
<b>Total</b>	<b>100.00%</b>	

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.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

<b>Changes in the Net Pension Liability (Asset)</b>			
<b>General Employees MERS Plan:</b>	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances as of June 30, 2018	\$ 30,358,228	\$ 29,327,073	\$ 1,031,155
Changes for the Year:			
Service Cost	624,962	-	624,962
Interest on the total pension liability	2,080,909	-	2,080,909
Changes in benefits	-	-	-
Difference between expected and actual experience	(136,374)	-	(136,374)
Changes in assumptions	-	-	-
Employer contributions	-	498,883	(498,883)
Employee contributions	-	156,714	(156,714)
Net investment income	-	1,864,232	(1,864,232)
Benefit payments, including employee refunds	(1,886,868)	(1,886,868)	-
Administrative expense	-	(29,133)	29,133
Other changes	-	177,032	(177,032)
Net Changes	<u>682,629</u>	<u>780,860</u>	<u>(98,231)</u>
Balances as of June 30, 2019	<u>\$ 31,040,857</u>	<u>\$ 30,107,933</u>	<u>\$ 932,924</u>

<b>Changes in the Net Pension Liability (Asset)</b>			
<b>Fire Employees MERS Plan:</b>	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances as of June 30, 2018	\$ 52,008,998	\$ 34,604,074	\$ 17,404,924
Changes for the Year:			
Service Cost	1,097,590	-	1,097,590
Interest on the total pension liability	3,579,964	-	3,579,964
Difference between expected and actual experience	(1,267,633)	-	(1,267,633)
Changes in assumptions	-	-	-
Employer contributions	-	1,473,508	(1,473,508)
Employee contributions	-	520,878	(520,878)
Net investment income	-	2,226,539	(2,226,539)
Benefit payments, including employee refunds	(2,830,906)	(2,830,906)	-
Administrative expense	-	(34,795)	34,795
Other changes	-	(1)	1
Net Changes	<u>579,015</u>	<u>1,355,223</u>	<u>(776,208)</u>
Balances as of June 30, 2019	<u>\$ 52,588,013</u>	<u>\$ 35,959,297</u>	<u>\$ 16,628,716</u>

(CONTINUED)



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) Agent Multiple Plans Administered by the State of Rhode Island Retirement Board (Continued)**

**Sensitivity of the Net Pension 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%, 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.

	<b>Ending Net Pension Liability (Asset)</b>		
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
General Employees MERS Plan	\$ 4,232,642	\$ 932,924	\$ (1,768,006)
Fire Employees MERS Plan	\$ 22,179,609	\$ 16,628,716	\$ 12,085,437

**MERS pension plan fiduciary net position** - detailed information about the MERS pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

**Pension Expense**

For the year ended June 30, 2020, the Town of North Providence recognized pension expense in the Government-Wide Statement of Activities of:

General Employees MERS Plan	\$ 1,109,900
Fire Employees MERS Plan	\$ 2,659,000

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS)**

**General Information about the Pension Plan**

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

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

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Teacher's Pension Plan – Employees' Retirement System (ERS) (Continued)**

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

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

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

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

**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2020, the Town of North Providence's School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 who must contribute 11% of their annual covered salary. The state and the Town of North Providence are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town of North Providence; the rates were 10.49% and 14.12% of annual covered payroll for the fiscal year ended June 30, 2020, for the State and Town of North Providence, respectively. The Town of North Providence was required to contribute 24.61% of federally funded salaries. The Town of North Providence's School Department contributed approximately \$3,910,000, \$3,633,000, and \$3,538,000 for the fiscal years ended June 30, 2020, 2019, and 2018, respectively, equal to 100% of the required contributions for each year. The on-behalf contribution made by the State of Rhode Island for the defined benefit plan for the fiscal year ended June 30, 2020, was approximately \$2,657,700. This amount has been included in the Fund Statements as revenue and educational expenditures for fiscal 2020.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Teachers' Pension Plan – Employees' Retirement System (ERS) (Continued)**

**Pension Liabilities and Pension Expense**

At June 30, 2020, the Town of North Providence reported a liability of \$44,771,547, for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Town of North Providence as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town of North Providence were as follows:

Town of North Providence's proportionate share of the net pension liability.....	\$44,771,547
State of Rhode Island's proportionate share of the net pension liability associated with the Town of North Providence .....	<u>33,538,525</u>
<b>Total net pension liability.....</b>	<b><u>\$78,310,072</u></b>

The net pension liability was measured as of June 30, 2019, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. The Town of North Providence's proportion of the net pension liability was based on a projection of the Town of North Providence's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2019, the Town of North Providence's proportion was 1.40315864%.

For the year ended June 30, 2020, the Town of North Providence recognized gross pension expense in the Government-wide financial statements of approximately \$9,168,300 and operating grants and contributions for education of approximately \$3,720,671 for support provided by the State.

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

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

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

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

**Pension plan fiduciary net position** - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Teachers' Pension Plan – Employees' Retirement System (ERS) (Continued)**

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 34 sources. The June 30, 2019, expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
<b>Growth:</b>		
<b>Global Equity:</b>		
U.S. Equity	22.10%	6.16%
International Developed Equity	13.20%	6.83%
Emerging Markets Equity	4.70%	6.90%
<b>Sub-total</b>	<b>40.00%</b>	
<b>Private Growth:</b>		
Private Equity	11.25%	9.81%
Non-Core Real Estate	2.25%	5.51%
OPP Private Credit	1.50%	9.81%
<b>Sub-total</b>	<b>15.00%</b>	
<b>Income:</b>		
High Yield Infrastructure	1.00%	3.98%
REITS	1.00%	5.51%
Liquid Credit	2.80%	3.98%
Private Credit	3.20%	3.98%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Stability:</b>		
<b>Crisis Protection Class:</b>		
Treasury Duration	4.00%	0.77%
Systematic Trend	4.00%	4.20%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Inflation Protection:</b>		
Core Real Estate	3.60%	5.51%
Private Infrastructure	2.40%	5.85%
TIPS	1.00%	1.37%
Natural Resources	1.00%	3.76%
<b>Sub-total</b>	<b>8.00%</b>	
<b>Volatility Protection:</b>		
IG Fixed Income	11.50%	2.15%
Absolute Return	6.50%	4.20%
Cash	3.00%	0.77%
<b>Sub-total</b>	<b>21.00%</b>	
<b>Total</b>	<b>100.00%</b>	

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

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

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Teachers' Pension Plan – Employees' Retirement System (ERS) (Continued)**

**Sensitivity of the net pension liability (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the 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.

	<b>Ending Net Pension Liability (Asset)</b>		
	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Teacher's Pension Plan - ERS	\$ 55,330,023	\$ 44,771,547	\$ 36,128,372

**(c) Police Pension Plan – Trust Fund**

All North Providence Police Officers participate in a single-employer retirement plan which was established in accordance with the North Providence Town Charter. The plan is considered part of the Town's financial reporting entity and is included as a pension trust fund (Fiduciary Fund) in the annual financial report for the fiscal year ended June 30, 2020. The covered payroll for employees covered by the plan for the year ended June 30, 2020, was approximately \$4,628,000.

**Plan Description**

The plan became effective July 1, 1978. All police officers working 1,000 hours or more in a plan year and contributing to the plan are eligible for retirement benefits. Participants are eligible for vested benefits after 10 years of service. The plan provides retirement benefits as well as death and disability benefits. Participants in the plan are eligible to retire at the completion of 20 years of service. Normal retirement benefit is 2.5% of average compensation for each year of credited service, up to 20 years, plus 2% of average compensation for each year of credited service in excess of 20 years with a maximum of 75% of average compensation. Benefit is payable as an unreduced 67.5% Joint and Survivor Annuity. Average compensation is defined as the average of the 3 highest non-consecutive years during the last 10 years of base annual pay including longevity pay and excluding overtime.

Participants are eligible for non-occupational disability benefits after 7 years of service. Occupational disability benefits are provided to all employees immediately. Non-occupational disability benefits are 50% of average compensation as of the disability date while occupational disability benefits are equal to 66.67% of average compensation as of the date of disability. Pre-Retirement Spouse's Death Benefit is immediate. The spouse is entitled to 40% of final average salary plus 10% for dependent children, subject to a maximum of 50%. If no surviving spouse, 15% of final average salary for each dependent subject to maximum of 45% and ceasing when the last child has attained his/her 18<sup>th</sup> birthday. The benefit is payable immediately following the death of the participant. The plan provides benefits prior and subsequent to retirement. The death benefit prior to retirement is \$400 times the number of years of service, subject to a minimum of \$2,000 and a maximum of \$8,000, but no less than the employee accumulation. If death occurs after termination of employment, only the employee accumulation is payable. The death benefit subsequent to retirement is determined as above reduced by ¼ for each year subsequent to retirement, subject to a minimum of \$2,000 or the employee accumulation less annuity payments received. If employment is terminated prior to his/her retirement date, only the employee accumulation less payments received is payable.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Police Pension Plan – Trust Fund (Continued)**

Cost of living increases – Participants retiring between July 1, 1986 and prior to July 1, 2004, with 20 years of service, a lump sum payment will be made on each January 1<sup>st</sup>. The payment is initially 3% of the annual retirement allowance, increasing each year by 1% to a maximum of 12%. For participants retiring after July 1, 2004 and prior to July 1, 2007, with 20 years of service, a lump sum payment will be made on each January 1<sup>st</sup> beginning January 1, 2008. The payment is 3% of the initial annual retirement allowance, not compounded, for a period of 15 years. Those retiring after July 1, 2004 but prior to January 1, 2007 shall receive the COLA set forth above until January 1, 2008 at which time the 3% COLA will commence. Those participants retiring after July 1, 2007, with 20 years of service will receive a lump sum payment on each January 1<sup>st</sup> following the date of retirement and each January 1<sup>st</sup> thereafter for 25 years. The payment is 3% per year of the original benefit, not compounded. At the end of 25 years, the COLA will not increase, but the final benefit will continue to be paid thereafter.

**Contributions Required and Contributions Made**

Under the provisions of the plan, employees are required to contribute 9% of their compensation. The plan actuarial valuation dated July 1, 2018, was used to determine the Town's annual required contribution for the fiscal year ended June 30, 2020. The Town's actuarially determined contribution for the fiscal year ended June 30, 2020, was \$1,442,262. The Town contributed \$1,460,559, or 101.3% of the required contribution for fiscal 2020. The additional contribution was the result of pension benefits on salaries being paid through Special Revenue Funds.

**Actuarial Methods and Assumptions:**

The following are the actuarial methods and assumptions used in the Police Pension Plan Annual Actuarial Valuation as of July 1, 2018, which was used to determine the fiscal 2020 annual required contribution. There were no significant changes to the plan provisions between the July 1, 2016 and July 1, 2018 actuarial valuation. The following are changes and key notes that were made on the July 1, 2018, valuation as compared to the July 1, 2016 valuation.

- Asset experience – The 5-year smoothed value of assets was phasing in the flat asset returns for fiscal 2015 and 2016. This results in an increase in the annual contribution rate.
- The discount rate was decreased from 7.25% to 7.0% which resulted in an increase in the annual required contribution rate.
- The salary scale was changed from a flat 2% scale to 3% resulting in an increase in the required contribution rate.
- The update of the mortality tables decreased the annual required contribution rate. Tables have been updated from the 2015 Social Security Administration's Trustees Report to the 2017 Social Security Administration's Trustees Report.
- The employees require contribution rate increased from 8% to 9% effective July 1, 2018.
- The amortization method has changed from an open 10-yr level percent to a closed 10-year level percent of pay amortization.

As a result of the above revisions, market conditions, and experience, the actuarially recommended contribution has been increased from 28.3% to 35% of covered payroll. The calculated annual contribution requirement as of July 1, 2018 and effective for fiscal 2020 and 2021 is \$1,442,262.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Police Pension Plan – Trust Fund (Continued)**

**Actuarial Methods and Assumptions (Continued):**

**Valuation Date** – July 1, 2018

**Funding Method** - Entry Age Normal Cost Method

**Investment Return** – 7.0%

**Asset Valuation Method** – Market Value with 5 year smoothing of gains and losses.

**Amortization Period** – Closed 10 year level percent or pay amortization of Unfunded Actuarial Accrued Liability. For this purpose pay is assumed to grow at 3% annually.

**Payroll Growth Rate** – 3.0%

**Healthy Mortality** – RP-2014 Blue Collar Mortality Tables with generational improvements.

**Disabled Mortality** – RP-2014 Disabled Mortality with generational improvements.

**Retirements Rates:**

<b>Service</b>	<b>Rate</b>
20	40%
21-22	30%
23-25	40%
26-27	5%
28	100%

**Withdrawal Rates:**

<b>Age</b>	<b>Rate</b>
20-30	2.90%
35	1.90%
40	1.70%
45	0.00%

**Disability** – 50% of the 1985 Pension Disability table (DP-85) Class 4. 50% of disabilities are assumed to be duty related.

A complete copy of the Town of North Providence, Rhode Island Police Pension Plan Annual Actuarial Valuation as of July 1, 2018 (latest available) can be obtained by contacting the Finance Department, Town of North Providence, 2000 Smith Street, North Providence, RI 02911.

**Plan Administration**

The Town is charged by law with the responsibility for the management of the assets of the Trust Fund. The Town has engaged an investment advisor to help oversee the management of the Fund in accordance with the Statement of Investment Policy, Objectives, and Guidelines of the Town of North Providence, Rhode Island Police Pension Plan. Although the Town is not subject to the Employment Retirement Income Security Act of 1974 (ERISA), it shall conduct its pension activities in accordance with the spirit of ERISA.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Police Pension Plan – Trust Fund (Continued)**

**Investment Policy**

The Town's investment policy provides guidance over the types of investments which are allowed to be held in the plan and stipulates to ensure marketability and liquidity all equity transactions will be made through the New York Stock Exchange; American Stock Exchange; and/or the NASDAQ over the counter market. In addition, the following asset allocation guidelines (at market value) should be followed by the Fund.

<b>Asset Class:</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Preferred</b>
Equities	35%	75%	60%
Fixed Income	35%	70%	37%
Cash and Equivalents	0%	10%	3%

**Concentrations**

At June 30, 2020, the Town's Police Pension Trust Fund held investments in the following which represented 5% or more of the police pension plan's net position.

<b>Investment:</b>	<b>Police Pension Trust Fund Fair Market Value</b>	<b>% of Fiduciary Net Position</b>
Vanguard 500 Index Admiral	\$ 9,912,919	23%
Invesco Oppenheimer Developing Mrkts R6	\$ 4,027,420	9%
Vanguard Mid Cap Index Admiral	\$ 3,072,882	7%
Vanguard Developed Mrkts Index Admiral	\$ 2,998,440	7%
JP Morgan High Yield Bond Fund Class I	\$ 2,746,306	6%

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted weighted rate of return on pension plan investments, net of pension plan expense was 1.37%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash flows are netted with external cash outflows, resulting in a net external cash flow in each month.

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

(CONTINUED)



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Police Pension Plan – Trust Fund (Continued)**

**Rate of Return (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

<b>Asset Class:</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Cash	1.5%	0.00%
Equity	59%	5.43%
Fixed Income	28.5%	1.89%
Real Estate	8.5%	5.59%
Other	2.5%	1.08%
Total	100%	

**Net Pension Liability**

The net pension liability consisted of the following components at June 30, 2020:

<b>Component:</b>	<b>Police Pension Plan Trust Fund</b>
Total pension liability	\$53,803,893
Plan fiduciary net position	\$42,796,555
Net pension liability	\$11,007,338
Plan fiduciary net position as a percentage of the total pension liability	79.54%

**Discount Rate**

The blended discount rate used to measure the total pension liability was 7.0%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability was set equal to the long-term expected rate of return.

**Employees covered by benefit terms:**

At the June 30, 2020, valuation date the following employees were covered by the benefit terms:

	<b>Police Pension Trust Fund</b>
Retirees and Beneficiaries	97
Inactive, not receiving benefits	7
Active Members	61
<b>Total</b>	<b>165</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Police Pension Plan – Trust Fund (Continued)**

<b>Police Pension Plan - Trust Fund</b>	<b>Changes in the Net Pension Liability (Asset)</b>		
	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability (Asset)</b>
Balances as of June 30, 2019	\$ 50,155,232	\$ 43,168,556	\$ 6,986,676
Changes for the Year:			
Service Cost	918,138	-	918,138
Interest on the total pension liability	3,475,647	-	3,475,647
Difference between expected and actual experience	2,300,088	-	2,300,088
Changes in assumptions	(202,679)	-	(202,679)
Employer contributions	-	1,460,559	(1,460,559)
Employee contributions	-	409,770	(409,770)
Net investment income	-	600,203	(600,203)
Benefit payments, including employee refunds	(2,842,533)	(2,842,533)	-
Administrative expense	-	-	-
Net Changes	<u>3,648,661</u>	<u>(372,001)</u>	<u>4,020,662</u>
Balances as of June 30, 2020	<u>\$ 53,803,893</u>	<u>\$ 42,796,555</u>	<u>\$ 11,007,338</u>

For the year ended June 30, 2020, the Town of North Providence recognized pension expense of \$2,741,894, in the Government-wide financial statements for the Police Pension Plan administered by the Town.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following represents the net pension liability, calculated using the applicable discount rate as noted above, as well as what the plans net pension liability would be if it were calculated using a discount rate that was 1% point lower or 1% point higher than the current rate.

<b>Police Pension Trust Fund:</b>	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Net Pension Liability (asset)	\$18,015,344	\$11,007,338	\$5,242,494

**(d) Fire COLA Plan – Trust Fund**

As noted in previous sections of this disclosure, firefighters (fire department personnel) participate in the MERS pension plan administered by the Employees Retirement System of Rhode Island. The Town did not opt the COLA provisions of the MERS plan. However, in accordance with the terms of the collective bargaining agreement the Town provides an annual COLA to any retiree that retired with 20 or more years of service and their surviving spouses. The COLA is also provided to any disabled retiree that is receiving an occupational disability benefit.

The annual benefit is a 3% simple COLA paid annually on January 1 for all retirees with 20 or more years of service and for all occupational disabled retirees. If a member became occupationally disabled after July 1, 2015 and before attaining 20 years of service, COLA payments will begin on January 1 following their 20<sup>th</sup> employment anniversary.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Fire COLA Plan – Trust Fund (Continued)**

**Employees covered by benefit terms:**

At the June 30, 2020, valuation date the following employees were covered by the benefit terms (participant data is as of July 1, 2019):

	<b>Fire Employees COLA Plan</b>
Retirees and Beneficiaries	84
Inactive, Nonretired Members	1
Active Members	89
<b>Total</b>	<b>174</b>

During fiscal 2020, the Town established a Trust Fund for the Fire COLA Plan and made an initial contribution of \$1,701,728. In addition to the contribution to the plan, the Town also operates on a pay-as-you-go basis and made benefit payments of \$1,063,089 for the fiscal year ended June 30, 2020. The Town had an actuarial valuation completed as of July 1, 2019, which reports an actuarial recommended contribution of \$6,072,853, or 106.9% of the estimated annual covered payroll for fiscal 2020. The Town's contributions for fiscal 2020, including the pay-as-you-go benefits represented approximately 46% of the actuarially recommended contribution.

**Discount rate** - the discount rate used to measure the total pension liability was 6.4 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments to 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.

The changes in the Net Pension Liability for the fiscal year ended June 30, 2020, were as follows:

<b>Fire Employees COLA plan:</b>	<b>Changes in the Net Pension Liability (Asset)</b>		
		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2019	\$ 48,571,342	\$ -	\$ 48,571,342
Changes for the Year:			
Service Cost	869,465	-	869,465
Interest on the total pension liability	1,711,824	-	1,711,824
Changes in benefits	-	-	-
Difference between expected and actual experience	46,413	-	46,413
Changes in assumptions	(19,229,806)	-	(19,229,806)
Employer contributions	-	2,764,817	(2,764,817)
Net investment income	-	1	(1)
Benefit payments, including employee refunds	(1,063,089)	(1,063,089)	-
Administrative expense	-	-	-
Net Changes	<u>(17,665,193)</u>	<u>1,701,729</u>	<u>(19,366,922)</u>
Balances as of June 30, 2020	\$ 30,906,149	\$ 1,701,729	\$ 29,204,420

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Fire COLA Plan (Continued)**

**Sensitivity of the net pension liability (asset) to changes in the discount rate** - the following presents the net pension liability (asset) calculated using the discount rate of 6.4 percent as well as what the 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.

	Ending Net Pension Liability (Asset)		
	1% Decrease (5.4%)	Current Discount Rate (6.4%)	1% Increase (7.4%)
Fire Employees COLA Plan	\$ 34,293,807	\$ 29,204,420	\$ 25,133,489

For the year ended June 30, 2020, the Town of North Providence recognized pension expense of \$2,696,893, in the Government-wide financial statements for the Fire COLA Pension Plan administered by the Town.

**Actuarial Assumptions:**

The following is a summary of some of the actuarial assumptions used in the July 1, 2020, actuarial valuation of the Fire COLA Plan. A complete copy of the Actuarial Valuation can be obtained by contacting the Town's Finance Department.

Inflation rate .....	2.0%
Salary increases .....	4.0% - 14%
Investment rate of return .....	6.4%
Cost of living increases.....	3.0%
CPI Payments.....	Any disabled retiree currently receiving a CPI payment is assumed to receive the same amount each year.
Retirement rates .....	20 years of service – 12%; 21-23 years – 10%; 24 years – 12%; 25 years – 14%; 26 years - 16%; 27 years 18%; 28-29 years – 20%; 30-34 years – 35%; 35+ years – 100%.
Supplemental benefits .....	One in five participants that become disabled will receive a supplemental disability benefit in an amount of 50% of their regular monthly benefit. The benefit is payable immediately upon disability until a participant's death. The frequency and amount of this benefit was determined to be a reasonable approximation based on the current population of disabled participants receiving this benefit.
Assumption Changes .....	The discount rate was increased from 3.5% to 6.4% to reflect the expected rate of return on the plan assets. The change resulted in a reduction of the total pension liability.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pension Plans**

The Town of North Providence, Rhode Island reported deferred outflows of resources and deferred inflows of resources related to its' various pension plans from the following sources:

	<b>General Employees MERS Plan</b>	<b>Fire Employees MERS Plan</b>	<b>Teacher's ERS Plan</b>	<b>Police Pension Plan</b>	<b>Fire COLA Plan</b>	<b>Total All Plans</b>
<b>Deferred Outflows of Resources:</b>						
Contributions subsequent to measurement date	\$ 572,107	\$ 1,676,352	\$ 3,910,049	\$ -	\$ -	\$ 6,158,508
Net Difference between projected and actual earnings	-	-	-	1,667,051	23,823	1,690,874
Changes in proportion and difference in employers contribution proportion	-	-	2,661,204	-	-	2,661,204
Difference between actual and expected experience	150,905	1,034,972	545,202	1,730,340	40,611	3,502,030
Changes in assumptions	428,252	1,336,799	2,619,842	640,160	15,310,643	20,335,696
<b>Total Deferred Outflows of Resources</b>	<b>1,151,264</b>	<b>4,048,123</b>	<b>9,736,297</b>	<b>4,037,551</b>	<b>15,375,077</b>	<b>34,348,312</b>
<b>Deferred Inflows of Resources:</b>						
Changes in assumptions	-	47,482	353,353	246,827	16,865,638	17,513,300
Changes in proportion and difference in employers contribution proportion	-	-	1,261,609	-	-	1,261,609
Net Difference between projected and actual earnings	35,509	101,167	70,451	-	-	207,127
Difference between actual and expected experience	407,920	1,673,667	747,684	-	32,554	2,861,825
<b>Total Deferred Inflows of Resources</b>	<b>443,429</b>	<b>1,822,316</b>	<b>2,433,097</b>	<b>246,827</b>	<b>16,898,192</b>	<b>21,843,861</b>
<b>Net Deferred Outflows (Inflows)</b>	<b>\$ 707,835</b>	<b>\$ 2,225,807</b>	<b>\$ 7,303,200</b>	<b>\$ 3,790,724</b>	<b>\$ (1,523,115)</b>	<b>\$ 12,504,451</b>

Deferred outflows of resources related to 2020, contributions to pension plans subsequent to the measurement date (June 30, 2019, where applicable) will be recognized as a reduction of the net pension liability for the year ended June 30, 2021.

Other amounts noted above and reported as deferred outflows or inflows of resources at June 30, 2020, will be recognized as a component of pension expense over the following periods of time:

- Closed 5 year period beginning in the current period for the deferred outflows or inflows of resources related to the net projected and actual earnings on pension plan investments.
- All other deferred outflows and inflows of resources related to pension plans as described above are amortized over a closed period of time equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (includes active and inactive employees) determined as of the beginning of the measurement period.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Deferred Outflows of Resources and Deferred Inflows of Resources Related to all Pension Plans (Continued)**

Based on the above, the other amounts of deferred outflows and inflows of resources related to the Town of North Providence, Rhode Island's pension plans will be recognized as a component of pension expense as follows for the years ended June 30:

	General Employees MERS Plan	Fire Employees MERS Plan	Teacher's ERS Plan	Police Pension Plan	Fire COLA Plan	Net Deferred Outflows (Inflows) of Resources Total All Plans
2021.....	\$ 444,635	\$ 551,121	\$ 1,387,882	\$ 1,009,256	\$ 145,384	\$ 3,538,278
2022.....	(209,077)	124,706	611,645	1,273,354	145,384	1,946,012
2023.....	(112,205)	288,702	746,029	1,030,601	145,384	2,098,511
2024.....	12,375	(165,341)	523,109	477,513	145,383	993,039
2025.....	-	(203,580)	193,217	-	139,426	129,063
Thereafter.....	-	(46,153)	(68,731)	-	(2,244,076)	(2,358,960)
<b>Total.....</b>	<b>\$ 135,728</b>	<b>\$ 549,455</b>	<b>\$ 3,393,151</b>	<b>\$ 3,790,724</b>	<b>\$ (1,523,115)</b>	<b>\$ 6,345,943</b>

**14. DEFINED CONTRIBUTION PENSION PLAN**

**Plan Description:**

General municipal, certified school, and noncertified school employees participating in the defined benefit plans administered by the State of Rhode Island with less than 20 years of service as of June 30, 2012, as described in Note 13, 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 between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The Town contributed approximately \$340,450 (before reimbursement as noted below) during the fiscal year ended June 30, 2020. The employer contribution of \$340,450 consisted of approximately \$56,230 for general municipal employees, \$32,680 for noncertified school employees, and \$251,540 for certified teachers.

Although the Town (School Department) is required to contribute 1% to 1.5% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of 1% to 1.5% of the required contributions. For financial reporting purposes, the School Department reflected this reimbursement from the State of Rhode Island as a credit to expenditures. The State's share of the contribution for the defined contribution plan for the fiscal year ended June 30, 2020, amounted to approximately \$88,800 and is recorded as an on-behalf revenue and education expense in the financial statements.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**14. DEFINED CONTRIBUTION PENSION PLAN (Continued)**

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>.

The table below shows the contribution requirements for the Defined Contribution Plan.

	<u>EE</u> <u>Contribution</u>	<u>ER</u> <u>Contribution</u>
<b>Members of the Employees Retirement System of Rhode Island:</b>		
Teachers with less than 10 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1%
who do not contribute to Social Security	7%	3%
Teachers with 10 to 15 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1.25%
who do not contribute to Social Security	7%	3.25%
Teachers with 15 to 20 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1.50%
who do not contribute to Social Security	7%	3.50%
<b>Members of the Municipal Employee Retirement System (MERS):</b>		
Public Safety Members that do not contribute to Social Security	3%	3%
Public Safety Members that contribute to Social Security	N/A	N/A
General Employees with less than 10 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1%
who do not contribute to Social Security	7%	3%
General Employees with 10 to 15 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1.25%
who do not contribute to Social Security	7%	3.25%
General Employees with 15 to 20 years of service as of 7/1/2012 and: who contribute to Social Security	5%	1.50%
who do not contribute to Social Security	7%	3.50%

**15. DEFERRED COMPENSATION PLAN**

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457 (g). The Town has not reported these plans on its financial statements in accordance with GASB No. 32, "Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans", since the Town does not have fiduciary responsibility for these plans. The Plans, available to all municipal employees, permit the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is administered by an outside agency and the Town is only liable for remitting employee withholdings.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**16. RISK MANAGEMENT AND HEALTH CARE MANAGEMENT PLAN**

The Town of North Providence is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters for which the Town carries commercial insurance. Premiums are charged as expenditures as incurred. Settled claims resulting from these risks have not created additional premiums to the Town over the past several years and it is not anticipated that additional premiums will result from current year activity. There have been no significant reductions in insurance coverage from prior years.

The Town has a cost-plus financing plan in order to finance the costs of its health, dental, and workers compensation insurance benefits. Under this cost-plus plan the Town pays for the actual cost of covered health care and dental services plus a fee to the provider for the administration of the program. The Town is a member of Rhode Island Municipal Insurance Corporation (RIMIC), a collaborative of various municipal entities, for health and dental insurance claims. All departments of the Town participate in the self-insurance program (cost plus basis) through RIMIC.

The Town currently maintains stop loss insurance to protect the taxpayers from catastrophic loss resulting from excessive health insurance claims. At June 30, 2020, the stop loss insurance contract covered all claims exceeding \$160,000 per individual on an annual basis. In addition, specific stop loss maximum for the Town for the year is maintained at approximately \$1.8 million.

The Town's Finance Department oversees the self-insured program for all Town employees and claims payment services are provided by Blue Cross and Blue Shield of Rhode Island (Plan Administrator). At June 30, 2020 the Town has estimated a liability for incurred but not reported claims (IBNR) based on an estimate of actual claims paid subsequent to year end but related to claims incurred prior to July 1, 2020. Approximate changes in the balances of self-insured claims liabilities as of and during the year ended June 30, 2020 were as follows:

Incurred but not reported claims (IBNR), June 30, 2019.....	\$ 559,945
Approximate amount of incurred claims .....	11,487,135
Paid claims including amount in accounts payable at June 30, 2020 .....	<u>(11,496,408)</u>
<b>Estimated IBNR Claims outstanding at June 30, 2020 .....</b>	<b><u>\$ 550,672</u></b>

Approximate changes in the balances of self-insured claims liabilities as of and during the year ended June 30, 2019 were as follows:

Incurred but not reported claims (IBNR), June 30, 2018.....	\$ 547,341
Approximate amount of incurred claims .....	12,519,056
Paid claims including amount in accounts payable at June 30, 2019 .....	<u>(12,506,452)</u>
<b>Estimated IBNR Claims outstanding at June 30, 2019 .....</b>	<b><u>\$ 559,945</u></b>

The estimated IBNR claims liability represents claims which occurred prior to June 30, 2020, but which were not reported until after year-end. These claims are recorded as a long-term obligation in the Governmental Activities in the government-wide Statement of Net Position as they are not expected to be paid with current measurable and available resources at June 30, 2020. The IBNR claims outstanding at June 30, 2020, totaled \$550,672 and was comprised of \$279,670, and \$271,002, related to Town and School employees, respectively.

(CONTINUED)



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**16. RISK MANAGEMENT AND HEALTH CARE MANAGEMENT PLAN (Continued)**

At June 30, 2020, the Town of North Providence has a deposit with the Plan Administrator totaling \$349,000. This deposit was required as part of the contract with the Plan Administrator to ensure reimbursement of claims is made in a timely manner. This deposit has been classified as a prepaid expense and as such has been included in nonspendable fund balance in the governmental activities of the Fund Statements.

**17. COMMITMENTS AND CONTINGENCIES**

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources.

The Town, including the School Department has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. Town officials are of the opinion that such disallowances, if any, would be immaterial.

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations, labor issues, and torts for which the Town has been named as a defendant. In the opinion of the Town's management and legal counsel they do not anticipate any of the claims to have a material financial impact, or at this time legal counsel has been unable to assess the liability, if any, on the part of the Town. Accordingly, no liability has been reported in the government-wide Statement of Net Position at June 30, 2020.

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN**

In addition to the pension benefits described in Notes 13 and 14, the Town provides post-employment health care benefits and dental in accordance with certain union contracts. The Town administers a single-employer defined benefit plan and presents the information for this Plan in the Fiduciary Fund Statements and the OPEB liability and related deferred inflows and outflows in the Government-Wide Statement of Net Position in accordance with GASB No. 75.

**Eligibility:**

**Police:** Police officers are eligible for retiree health benefits (medical and dental) until Medicare eligibility once they attain 20 years of service. Spouse also receives coverage until retiree turns age 65, at which time the spouse is eligible for Cobra coverage for 36 months.

**Fire:** Firefighters are eligible for retiree health benefits (medical and dental) until Medicare eligibility once they attain 20 years of service if they are eligible to retire under Rhode Island Municipal Employees Retirement System (RI MERS). Spouse also receives coverage until retiree turns age 65, at which time the spouse is eligible for Cobra coverage for 36 months.

**Town General Employees:** Town general employees are eligible for retiree health benefits (medical and dental) for up to 36 months if they are eligible to retire under RI MERS and have the following years of service with the Town of North Providence:

1. Council 94 – 20 years of service.
2. Local 1033 and non-union personnel – 20 years of service.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

**Eligibility (Continued):**

**School Teachers and Administrators:** Members who have retired under the Employees' Retirement System of Rhode Island (ERSRI), with a minimum of 15 years of service (20 years of service for Schedule B members) with the North Providence School System, shall be eligible to receive medical and dental benefits for self and spouse. Eligibility for retirement is as follows: If vested by 7/1/2005 (Schedule A): The earlier of 28 years of service, or age 60 with 10 years of service. If vested after 7/1/2005 (Schedule B): Normal retirement is the earlier of age 65 with 10 years of service, or age 59 with 29 years of service. Early retirement is age 55 with 20 years of service. Cost Sharing – 50% retiree paid coverage is pre-65 only. Members eligible for retirement after July 1, 2012, with at least five years of service as of June 30, 2012 are eligible for Normal Retirement at an individually determined age. This age is based on the members' social security retirement age with a proportional downward adjustment based on years of service prior to July 1, 2012. The minimum retirement age is 59 with 5 years of service. Spouse coverage is terminated at the earlier of the spouse turning age 65 or retiree turning 65.

**School General Employees:** except Custodians are eligible for retiree health benefits (medical and dental) for up to 36 months if they are eligible to retire under RI MERS and have 20 years of service with the North Providence School System.

Custodians hired prior to July 1, 1989, are eligible for retiree health benefits (medical and dental) for up to 36 months if they are eligible to retire under RI MERS and have 10 years of service with the North Providence School System. For those hired on or after July 1, 1989, the duration of retiree health benefits is until Medicare eligibility and they must have 20 years of service with the North Providence School System.

Additional information on the description of benefits and coverage is provided in the report of the *Town of North Providence – GASB 74/75 Actuarial Valuation for the fiscal year ending June 30, 2020*. This can be obtained by contacting the Town's Finance Department.

Retirees are responsible for the portion of premium rates not covered by the Town or School Department. The Town and School Department pay the cost of medical and dental as follows:

- 100% for retired firefighters and for police officer who were hired prior to January 1, 2015.
- 95% for police officers hired on or after January 1, 2015.
- 85% for Town Local 1033 retiring after January 1, 2019, and DPW Council 94 retiring after July 1, 2016.
- 50% for teachers and administrators.
- 80% for School Local 1033 employees and School custodians.

**Employees Covered by Benefit Terms:**

At June 30, 2020, the following employees represents the census information relative to the OPEB benefits:

	<u>Town</u>	<u>School</u>	<u>Total</u>
Total active participants	265	439	704
Total active with coverage	241	372	613
Total retirees with coverage	98	38	136

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

The net OPEB liability was measured as of June 30, 2020, with a valuation date of June 30, 2020.

**Changes in the Net OPEB Liability:**

Town - OPEB Plan	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances as of June 30, 2019	\$ 48,454,978	\$ 1,779,114	\$ 46,675,864
Changes for the Year:			
Service Cost	2,437,393	-	2,437,393
Interest on the total OPEB liability	1,745,362	-	1,745,362
Changes in benefits	2,140,105	-	2,140,105
Difference between expected and actual experience	(7,429,937)	-	(7,429,937)
Changes in assumptions	2,643,946	-	2,643,946
Employer contributions	-	2,604,200	(2,604,200)
Net investment income	-	70,280	(70,280)
Benefit payments	(2,354,200)	(2,354,200)	-
Administrative expense	-	(2,740)	2,740
Net Changes	<u>(817,331)</u>	<u>317,540</u>	<u>(1,134,871)</u>
Balances as of June 30, 2020	<u>\$ 47,637,647</u>	<u>\$ 2,096,654</u>	<u>\$ 45,540,993</u>

School - OPEB Plan	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances as of June 30, 2019	\$ 6,131,693	\$ -	\$ 6,131,693
Changes for the Year:			
Service Cost	298,641	-	298,641
Interest on the total OPEB liability	215,743	-	215,743
Changes in benefits	(715,993)	-	(715,993)
Difference between expected and actual experience	301,597	-	301,597
Changes in assumptions	127,043	-	127,043
Employer contributions	-	572,585	(572,585)
Benefit payments	(572,585)	(572,585)	-
Net Changes	<u>(345,554)</u>	<u>-</u>	<u>(345,554)</u>
Balances as of June 30, 2020	<u>\$ 5,786,139</u>	<u>\$ -</u>	<u>\$ 5,786,139</u>

The following is a summary of the net OPEB liability as of June 30, 2020:

	Town	School	Total
Total OPEB Liability	\$ 47,637,647	\$ 5,786,139	\$ 53,423,786
Actuarial Value of Assets	2,096,654	-	2,096,654
Net OPEB Liability	<u>\$ 45,540,993</u>	<u>\$ 5,786,139</u>	<u>\$ 51,327,132</u>
Funded Ratio	4.4%	0.0%	3.9%

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

**Discount Rate:**

The long-term expected rate of return in the Town's OPEB plan investments is 6.36%. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments should be the yield for a 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Accordingly, for the fiscal year ended June 30, 2020, the discount rate utilized for both the Town and School OPEB plan was 2.66% (3.517% at June 30, 2019). The basis for utilizing this discount rate was that the Town will contribute \$250,000 to the OPEB plan annually, and pay-as-you-go costs will continue to be paid from the General Fund since the Trust will not accumulate enough assets at the end of 50 years to cover future benefit payments.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:**

The following presents the net OPEB liability as of June 30, 2020, calculated using the discount rate assumed (2.66%) and what the liability would be using a discount rate that is 1% higher and 1% lower than the current rate.

	<u>Ending Net OPEB Liability (Asset)</u>		
	<u>1% Decrease</u> <u>(1.66%)</u>	<u>Current Discount Rate</u> <u>(2.66%)</u>	<u>1% Increase</u> <u>(3.66%)</u>
Town OPEB Plan	\$ 49,688,970	\$ 45,540,993	\$ 41,813,831
School OPEB Plan	\$ 6,026,290	\$ 5,786,139	\$ 5,547,236

**Healthcare Trend Rates:**

The healthcare trend rates refers to the change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments. The June 30, 2020, valuation assumes that the healthcare trend rates will commence at 8% in fiscal 2021 and be reduced annually by .5% through fiscal 2028 at which time the trend rate for medical and prescriptions will remain at 4.5% annually.

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates:**

The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rates assumed in the valuation and what the liability would be using a healthcare trend rate that is 1% higher and 1% lower than the current rate.

	<u>Ending Net OPEB Liability (Asset)</u>		
	<u>1% Decrease</u> <u>7.0% decreasing</u> <u>to 3.5%</u>	<u>Healthcare Trend Rate</u> <u>8.0% decreasing</u> <u>to 4.5%</u>	<u>1% Increase</u> <u>9.0% decreasing to</u> <u>5.5%</u>
Town OPEB Plan	\$ 40,934,816	\$ 45,540,993	\$ 50,943,476
School OPEB Plan	\$ 5,410,433	\$ 5,786,139	\$ 6,203,010

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

**OPEB Expense:**

For the year ended June 30, 2020, the Town's Government-Wide Statement of Activities recognized OPEB expense of approximately \$3,394,100, which consisted of \$3,726,200 for the Town plan and negative expense of (\$377,100), for the School plan. The negative expense of the School plan was the result of change in benefit terms reducing the actuarial determined OPEB liability.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB plans:**

In accordance with GASB No. 75, the Town of North Providence recognized deferred outflows and inflows of resources related to its' OPEB plans at June 30, 2020, in the Government-Wide Statement of Net Position as follows:

	<b>Town OPEB Plan</b>	<b>School OPEB Plan</b>	<b>Total All Plans</b>
<b>Deferred Outflows of Resources:</b>			
Changes in assumptions	\$ 5,789,209	\$ 200,120	\$ 5,989,329
Net Difference between projected and actual earnings	47,679	-	47,679
Difference between actual and expected experience	-	678,766	678,766
<b>Total Deferred Outflows of Resources:</b>	<b>5,836,888</b>	<b>878,886</b>	<b>6,715,774</b>
<b>Deferred Inflows of Resources:</b>			
Changes in assumptions	1,493,944	376,048	1,869,992
Difference between actual and expected experience	19,971,514	987,342	20,958,856
<b>Total Deferred Inflows of Resources:</b>	<b>21,465,458</b>	<b>1,363,390</b>	<b>22,828,848</b>
<b>Net Deferred Outflows (Inflows)</b>	<b>\$ (15,628,570)</b>	<b>\$ (484,504)</b>	<b>\$ (16,113,074)</b>

The amounts noted above and reported as deferred outflows or inflows of resources at June 30, 2020, will be recognized as a component of OPEB expense over the following periods of time:

- Closed 5 year period beginning in the current period for the deferred outflows or inflows of resources related to the net projected and actual earnings on OPEB plan investments.
- All other deferred outflows and inflows of resources related to OPEB plans as described above are amortized over a closed period of time equal to the average of the future service years to retirement.

Based on the above, the deferred outflows and inflows of resources related to the OPEB Plans will be recognized as a component of OPEB expense as follows for the years ended June 30:

	<b>Town OPEB Plan</b>	<b>School OPEB Plan</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021.....	\$ (2,473,464)	\$ (175,495)	\$ (2,648,959)
2022.....	(2,468,272)	(175,495)	(2,643,767)
2023.....	(2,468,296)	(175,493)	(2,643,789)
2024.....	(2,469,876)	(59,605)	(2,529,481)
2025.....	(2,169,012)	101,584	(2,067,428)
Thereafter.....	(3,579,650)	-	(3,579,650)
<b>Total.....</b>	<b>\$ (15,628,570)</b>	<b>\$ (484,504)</b>	<b>\$ (16,113,074)</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

The following is a summary of some of the actuarial methods and assumptions related to the OPEB plans administered by the Town of North Providence (including the School Department):

Valuation date:	June 30, 2020. Liabilities as of July 1, 2019, are based on an actuarial valuation date of July 1, 2018, projected on a "no loss/no gain" basis.
Measurement date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal Level % of salary.
Discount Rate:	Accounting 2.66% for Town and School at June 30, 2020 and 3.51% at June 30, 2019. Funding - 6.36% (6.86% at June 30, 2019) at June 30, 2020, for Town funding purposes.
Inflation rate:	3% per year
Payroll Growth:	For amortization purposes - 3.5% For valuation purposes utilized 4% wage inflation for Fire 3% for teachers and 3.25% wage inflation for all other employees except Police plus merit and longevity increases. The assumptions are based on the RI ERS and MERS actuarial valuation as of June 30, 2019. Police officers are assumed to have a flat annual payroll growth of 3%.
Asset Method:	Market value of assets.
Mortality:	Police: RPH-2014 Blue Collar Mortality Table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report. Teachers and Admin.: RPH-2014 White Collar Mortality table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report.  All others: RPH-2014 Mortality Table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report. Combined Healthy Table for female with white collar adjustment.
Health Care Trend Rates:	8.0% in fiscal 2021 decreasing by .5% annually through fiscal 2028 at at which time the trend rate for medical and prescriptions remains at 4.55%.  Annual dental trend is assumed to be 3%.

There have been significant plan provision changes in the June 30, 2020, valuation as compared to the June 30, 2018, valuation. The most significant changes relate to the cost of coverage which is being covered by the Town and School Department versus the cost of coverage being paid by the retiree. The changes to the contracts of Town employees resulted in an increase in the OPEB liabilities while changes to the provisions of the School contracts resulted in a decrease to the OPEB liabilities. Full details of the changes in provisions can be found in the June 30, 2020, actuarial valuation maintained by the Town's finance department.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**18. OTHER POST EMPLOYMENT BENEFITS – OPEB PLAN (Continued)**

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of plan expense was 6.26% (the amount for fiscal 2020 was not available). The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash flows are netted with external cash outflows, resulting in a net external cash flow in each month.

**Concentrations**

At June 30, 2020, the Town's OPEB Trust Fund held investments in the following which represented 5% or more of the OPEB Plan's net position.

Investment:	OPEB Trust Fund Fair Market Value	% of Fiduciary Net Position
American Bond Fund of America	\$ 528,957	25%
Vanguard 500 Index Admiral	\$ 495,210	24%
FidelityExtended Market Index Fund	\$ 331,202	16%
Vanguard Developed Mrkts Index Admiral	\$ 323,973	15%
Vanguard Emerging Markets Index Admiral	\$ 186,621	9%
Vanguard Real Estate Index Admiral	\$ 138,298	7%

**19. NATIONAL PANDEMIC – CORONA VIRUS (COVID-19)**

The World Health Organization declared a public health emergency in January 2020 related to the Corona Virus. As of the date of these financial statements, the Corona Virus continues to plague society and the overall global economy. The Town of North Providence, Rhode Island derives the majority of its operating revenues from property taxes and appropriations from the State of Rhode Island. The impact that the national pandemic may have on the Town's ability to collect property taxes and State appropriations is currently unknown. As of the date of these financial statements the Town has not sustained any significant financial impact as a result of the pandemic. However, the current situation creates some uncertainty on the future cash flows and revenues of the Town. No provisions or adjustments have been made to the June 30, 2020, financial statements as a result of the Covid-19 Pandemic.

The North Providence School Department's fiscal 2020, State Aid was originally awarded in the amount of \$23,206,916. However, as a result of the Covid-19 Pandemic the State of Rhode Island reduced the School Department's fiscal 2020 State Aid by \$720,309. This reduction in State aid was replaced with Federal Stabilization funds (Elementary and Secondary School Emergency Relief Funds (ESSER)) in the amount of \$720,309. These ESSER Funds can be used by the School Department to help cover costs incurred during the period March 13, 2020 through September 30, 2022. The School Department has opted to utilize these funds to cover payroll and related costs incurred during the period March 13, 2020 to June 30, 2020. In addition to the ESSER Funds, the amended appropriation of education aid from the State of Rhode Island includes an allocation of Federal Coronavirus Relief Funds (CRF) in the amount of \$863,361 which is available to be used during the period beginning March 1, 2020, through December 30, 2020. This School Department did not utilize these funds prior to June 30, 2020.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**20. COMBINING STATEMENTS – PENSION AND OPEB TRUST FUNDS**

At June 30, 2020, the Town of North Providence maintained a Pension Trust Fund for Police Department personnel and an OPEB Trust Fund for the OPEB benefits of Town employees. The School Department does not currently participate in the OPEB Trust Fund. These pension and post-employment benefit funds are presented in a single column in the Fiduciary Fund exhibits. Separate financial statements are not prepared for these Trust Funds. Accordingly, presented below are the Combining Statements of Fiduciary Net Position, and Changes in Fiduciary Net Position for these Trust Funds.

***Combining Statement of Fiduciary Net Position  
Pension and OPEB Trust Funds  
June 30, 2020***

	Police Pension Trust Fund	Fire COLA Trust Fund	OPEB Trust Fund	Total Pension & OPEB Trust Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 622,216	\$ 1,701,729	\$ -	\$ 2,323,945
Investments	42,172,588	-	2,096,654	44,269,242
Receivables	52,139	-	-	52,139
<b>TOTAL ASSETS</b>	<b>42,846,943</b>	<b>1,701,729</b>	<b>2,096,654</b>	<b>46,645,326</b>
<b>LIABILITIES</b>				
Accrued expenses	50,389	-	-	50,389
<b>TOTAL LIABILITIES</b>	<b>50,389</b>	<b>-</b>	<b>-</b>	<b>50,389</b>
<b>NET POSITION</b>				
Held in trust for OPEB benefits			2,096,654	2,096,654
Held in trust for pension benefits	42,796,554	1,701,729		44,498,283
<b>TOTAL NET POSITION</b>	<b>\$ 42,796,554</b>	<b>\$ 1,701,729</b>	<b>\$ 2,096,654</b>	<b>\$ 46,594,937</b>

\*\* The OPEB Trust Fund is utilized for Town personnel only, not the School Department.

***Combining Statement of Changes in Fiduciary Net Position  
Pension and OPEB Trust Funds  
For the year ended June 30, 2020***

	Police Pension Trust Fund	Fire COLA Trust Fund	OPEB Trust Fund	Total Pension & OPEB Trust Funds
<b>ADDITIONS:</b>				
Contributions - employer	\$ 1,460,559	\$ 2,764,817	\$ 2,604,200	\$ 6,829,576
Contributions - plan members	409,770	-	-	409,770
Investment interest and dividends	1,207,137	1	58,887	1,266,025
Realized and unrealized gains and (losses)	(477,159)	-	11,393	(465,766)
<b>TOTAL ADDITIONS</b>	<b>2,600,307</b>	<b>2,764,818</b>	<b>2,674,480</b>	<b>8,039,605</b>
<b>DEDUCTIONS:</b>				
Benefits paid	2,842,533	1,063,089	2,354,200	6,259,822
Investment expense	129,776	-	2,740	132,516
<b>TOTAL DEDUCTIONS</b>	<b>2,972,309</b>	<b>1,063,089</b>	<b>2,356,940</b>	<b>6,392,338</b>
<b>CHANGE IN NET POSITION</b>	<b>(372,002)</b>	<b>1,701,729</b>	<b>317,540</b>	<b>1,647,267</b>
NET POSITION - BEGINNING OF YEAR	43,168,556	-	1,779,114	44,947,670
NET POSITION - END OF YEAR	<b>\$ 42,796,554</b>	<b>\$ 1,701,729</b>	<b>\$ 2,096,654</b>	<b>\$ 46,594,937</b>

\*\* The OPEB Trust Fund is utilized for Town personnel only, not the School Department.

(CONCLUDED)



# **TOWN OF NORTH PROVIDENCE**

## **REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund - Budgetary Basis**

**For the Year Ended June 30, 2020**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
<b>Property taxes:</b>			
Current taxes	\$ 66,309,621	\$ 68,199,940	\$ 1,890,319
Tax Stabilization - Fatima	648,000	648,000	-
Tax Stabilization - Lymansville Lofts	77,288	77,288	-
Prior taxes	2,500,000	853,166	(1,646,834)
<b>Total taxes current and prior</b>	<b>69,534,909</b>	<b>69,778,394</b>	<b>243,485</b>
Interest on delinquent accounts	525,000	367,103	(157,897)
<b>Total property taxes</b>	<b>70,059,909</b>	<b>70,145,497</b>	<b>85,588</b>
<b>State &amp; Federal Aid:</b>			
School construction aid	8,040,374	8,824,708	784,334
Meal Tax	410,598	360,622	(49,976)
State motor vehicle phase-out	3,596,326	4,609,050	1,012,724
Telephone tax	408,082	404,268	(3,814)
Library aid	193,727	198,233	4,506
Senior Center aid	15,000	39,087	24,087
State aid to education	23,619,876	23,212,460	(407,416)
Medicaid reimbursement (Education Department)	1,150,000	974,096	(175,904)
School miscellaneous receipts	94,000	475,657	381,657
Federal grants	-	30,206	30,206
State community relief fund	914,169	914,169	-
<b>Total state aid - Town</b>	<b>38,442,152</b>	<b>40,042,556</b>	<b>1,600,404</b>
<b>Licenses, fees and rents:</b>			
Pool & fitness center	135,000	113,188	(21,812)
Notte Park	85,000	92,134	7,134
Data processing services	14,000	14,000	-
Rental of Town properties	210,000	394,269	184,269
<b>Total licenses, fees and rents</b>	<b>444,000</b>	<b>613,591</b>	<b>169,591</b>
<b>Investment income - short term</b>	<b>150,000</b>	<b>250,887</b>	<b>100,887</b>
<b>Departmental revenues:</b>			
Building inspection revenue	460,000	391,321	(68,679)
Town clerk receipts	695,000	878,841	183,841
Senior Center	30,000	17,028	(12,972)
Municipal court revenue	100,000	59,324	(40,676)
<b>Total departmental revenues</b>	<b>1,285,000</b>	<b>1,346,514</b>	<b>61,514</b>
<b>Miscellaneous revenues:</b>			
Housing authority - in lieu of taxes	31,900	31,064	(836)
Miscellaneous Receipts	75,000	70,728	(4,272)
Fines and Penalties	-	52,349	52,349
Tax collector costs	-	48,524	48,524
City of Pawtucket - dispatch services	-	193,333	193,333
Sale of surplus equipment	20,000	43,401	23,401
Grants and donations	-	48,709	48,709
EMS rescue services	1,260,000	1,018,839	(241,161)
<b>Total miscellaneous revenues</b>	<b>1,386,900</b>	<b>1,506,947</b>	<b>120,047</b>
<b>Total Revenues</b>	<b>111,767,961</b>	<b>113,905,992</b>	<b>2,138,031</b>
<b>Other Financing Sources:</b>			
Use of Surplus Fund Balance	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>111,767,961</b>	<b>113,905,992</b>	<b>2,138,031</b>

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## General Fund - Budgetary Basis

For the Year Ended June 30, 2020

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures:</b>			
<b>Legislative, judicial and general administrative:</b>			
Administration	236,412	228,535	7,877
Town council	115,972	74,238	41,734
Town clerk	205,697	213,003	(7,306)
Legal department	385,384	309,403	75,981
Public Buildings	912,527	1,032,711	(120,184)
Board of canvassers	110,343	72,663	37,680
Human resources	8,900	5,830	3,070
Zoning board of review	33,750	21,050	12,700
Planning department /economic development	36,700	43,603	(6,903)
Other (departments)	78,100	80,247	(2,147)
<b>Total general government</b>	<b>2,123,785</b>	<b>2,081,283</b>	<b>42,502</b>
<b>Department of Finance:</b>			
Finance Director/Town Treasurer	267,172	319,873	(52,701)
Tax collector	269,177	296,477	(27,300)
Tax assessor	266,020	261,641	4,379
Purchasing	69,905	76,378	(6,473)
Auditing financial records	40,000	69,018	(29,018)
<b>Total department of finance</b>	<b>912,274</b>	<b>1,023,387</b>	<b>(111,113)</b>
<b>Public Safety:</b>			
Fire Department	9,187,442	9,507,021	(319,579)
Police Department	6,294,049	5,787,581	506,468
Communication Division	1,099,376	1,334,568	(235,192)
Division of inspections	284,272	223,773	60,499
Division of automotive repair	625,019	488,244	136,775
Civil Defense	11,200	7,545	3,655
Fire hydrants	265,000	263,297	1,703
<b>Total public safety</b>	<b>17,766,358</b>	<b>17,612,029</b>	<b>154,329</b>
<b>Public Services/Works:</b>			
Street lights	575,000	499,071	75,929
Beautification	3,000	79	2,921
Department of public works	2,053,703	1,540,656	513,047
Recreation department	707,967	614,369	93,598
Environmental protection - garbage etc.	2,236,020	2,280,692	(44,672)
Salvatore Mancini Resource and Activity Center	434,121	389,286	44,835
Grant to library	939,818	951,090	(11,272)
Local welfare	10,574	9,620	954
<b>Total public services/works</b>	<b>6,960,203</b>	<b>6,284,863</b>	<b>675,340</b>
<b>Grants &amp; Contributions:</b>			
Grants to organizations	9,200	6,500	2,700
<b>Total grants and contributions</b>	<b>9,200</b>	<b>6,500</b>	<b>2,700</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund - Budgetary Basis**

For the Year Ended June 30, 2020

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Other expenditures:</b>			
Insurance	1,073,103	978,839	94,264
Employee fringe benefits and unemployment compensation	13,906,316	14,303,132	(396,816)
Road resurfacing	800,000	1,982,474	(1,182,474)
Contingent - Consultant	105,000	125,668	(20,668)
Contingent - Miscellaneous	595,000	112,753	482,247
Contingent - Ricci Wall	-	455,894	(455,894)
Contingent - Land Acquisition	-	342,229	(342,229)
<b>Total other expenditures</b>	<b>16,479,419</b>	<b>18,300,989</b>	<b>(1,821,570)</b>
<b>Debt Service:</b>			
Bond and note principal	6,250,000	6,250,000	-
Bond and note interest	3,552,586	3,515,983	36,603
<b>Total debt service</b>	<b>9,802,586</b>	<b>9,765,983</b>	<b>36,603</b>
<b>Total expenditures</b>	<b>54,053,825</b>	<b>55,075,034</b>	<b>(1,021,209)</b>
<b>Excess of revenues and other financing sources over expenditures</b>	<b>57,714,136</b>	<b>58,830,958</b>	<b>1,116,822</b>
<b>Other financing uses:</b>			
Transfer to School - Town Appropriation	(32,850,260)	(32,850,260)	-
Transfer to School - State Aid for Education	(23,619,876)	(23,212,460)	407,416
Transfer to School - Medicaid Receipts	(1,150,000)	(974,096)	175,904
Transfer to School - Miscellaneous Receipts	(94,000)	(475,657)	(381,657)
<b>Total other financing uses</b>	<b>(57,714,136)</b>	<b>(57,512,473)</b>	<b>201,663</b>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ 1,318,485</b>	<b>\$ 1,318,485</b>

(CONCLUDED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND****Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Unrestricted Fund - Budgetary Basis****For the Year Ended June 30, 2020**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
State Aid	\$ 23,206,916	\$ 23,212,460	\$ 5,544
Medicaid Reimbursement	1,150,000	974,096	(175,904)
Miscellaneous Revenue	94,000	475,657	381,657
<b>Total revenues</b>	<u>24,450,916</u>	<u>24,662,213</u>	<u>211,297</u>
		22,492,151	
<b>Expenditures:</b>			
Salaries	31,139,836	30,641,136	498,700
Employee benefits	13,596,042	12,299,730	1,296,312
Purchased services	10,195,758	10,896,282	(700,524)
Supplies and materials	1,778,219	1,931,517	(153,298)
Capital outlay	491,871	199,485	292,386
Other	99,450	204,310	(104,860)
<b>Total expenditures</b>	<u>57,301,176</u>	<u>56,172,460</u>	<u>1,128,716</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(32,850,260)</u>	<u>(31,510,247)</u>	<u>1,340,013</u>
<b>Other financing sources (uses):</b>			
Operating transfer from the Town	32,850,260	32,850,260	-
<b>Total other financing sources (uses)</b>	<u>32,850,260</u>	<u>32,850,260</u>	<u>-</u>
<b>Deficiency of revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ 1,340,013</u>	<u>\$ 1,340,013</u>

**NOTE:** The budgetary basis exhibit above includes the ESSER Grant Funds expended in fiscal 2020 (\$720,309). The ESSER Grant Funds were passed through the State of RI and for UCOA and GAAP reporting are reported as a Special Revenue Fund. However, the expenditures were included as part of the School Unrestricted General Fund fiscal 2020 budget.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND****Notes to Required Supplementary Information  
Reconciliation of GAAP to Budgetary Basis - General Fund and School Unrestricted Fund****For the Year Ended June 30, 2020**


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	<u>Revenues &amp; Other Financing Sources</u>	<u>Expenditures &amp; Other Financing Uses</u>
<b>Town General Fund:</b>		
<b><i>Total per budgetary basis of accounting - RSI-1</i></b>	\$ 113,905,992	\$ 112,587,507
State Aid, Medicaid, and Miscellaneous receipts for Education included as part of the General Fund for budget purposes but for GAAP basis is reported directly in the School Unrestricted Fund in accordance with GASB Statement #54. Budget purposes include these amounts as appropriations to the School Department.	(24,662,213)	(24,662,213)
<b><i>Total per GAAP basis of accounting - Exhibit B-2</i></b>	<u>\$ 89,243,779</u>	<u>\$ 87,925,294</u>
<b>School Unrestricted Fund:</b>		
<b><i>Total per budgetary basis of accounting - RSI-2</i></b>	\$ 57,512,473	\$ 56,172,460
State on-behalf pension contribution which is recorded for GAAP purposes but which is not included in the budgetary basis of accounting. This on-behalf contribution includes both the contribution towards the defined benefit plan and defined contribution plans administered by the State of Rhode Island.	2,746,553	2,746,553
State on-behalf transportation contribution which is recorded for GAAP purposes but which is not included in the budgetary basis of accounting.	145,220	145,220
ESSER Grant Funds reported as part of the annual budget but for GAAP reporting ESSER Fund is reported in the School Restricted Grant Funds.	<u>(720,309)</u>	<u>(720,309)</u>
<b><i>Total per GAAP basis of accounting - Exhibit B-2</i></b>	<u>\$ 59,683,937</u>	<u>\$ 58,343,924</u>

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TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**General Employees MERS Plan**  
**Last 10 Fiscal Years**

	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability:						
Service cost	\$ 624,962	\$ 612,854	\$ 569,539	\$ 538,924	\$ 563,314	\$ 589,114
Interest on the Total Pension Liability	2,080,909	2,062,062	2,026,254	1,955,602	1,969,480	1,913,568
Changes of benefit terms	-	-	-	-	(43,256)	-
Differences between expected and actual experience	(136,374)	(539,400)	408,334	322,270	(951,302)	-
Changes in assumptions	-	-	1,321,931	-	-	(159,026)
Benefit payments	(1,886,868)	(1,857,788)	(1,955,024)	(1,825,134)	(1,597,027)	(1,573,501)
Net change in total pension liability	682,629	277,728	2,371,034	991,662	(58,791)	770,155
Total pension liability - beginning of year	30,358,228	30,080,500	27,709,466	26,717,804	26,776,595	26,006,440
Total pension liability - ending of year (a)	<u>\$ 31,040,857</u>	<u>\$ 30,358,228</u>	<u>\$ 30,080,500</u>	<u>\$ 27,709,466</u>	<u>\$ 26,717,804</u>	<u>\$ 26,776,595</u>
Plan fiduciary net position:						
Contribution - employer	\$ 498,883	\$ 423,981	\$ 421,695	\$ 467,972	\$ 546,023	\$ 482,264
Contribution - employee	156,714	145,980	144,593	148,813	68,652	79,175
Net investment income	1,864,232	2,194,487	3,022,909	(8,852)	661,148	3,808,732
Benefit payments	(1,886,868)	(1,857,788)	(1,955,024)	(1,825,134)	(1,597,027)	(1,573,501)
Administrative expenses	(29,133)	(29,214)	(28,559)	(25,710)	(26,534)	(23,850)
Other	177,032	(15,599)	(124,183)	14,859	(36,892)	(461,536)
Net change in plan fiduciary net position	780,860	861,847	1,481,431	(1,228,052)	(384,630)	2,311,284
Plan fiduciary net position - beginning of year	29,327,073	28,465,226	26,983,795	28,211,847	28,596,477	26,285,193
Plan fiduciary net position - ending of year (b)	<u>\$ 30,107,933</u>	<u>\$ 29,327,073</u>	<u>\$ 28,465,226</u>	<u>\$ 26,983,795</u>	<u>\$ 28,211,847</u>	<u>\$ 28,596,477</u>
Plan's net pension liability (asset) - ending (a)-(b)	<u>\$ 932,924</u>	<u>\$ 1,031,155</u>	<u>\$ 1,615,274</u>	<u>\$ 725,671</u>	<u>\$ (1,494,043)</u>	<u>\$ (1,819,882)</u>
Plan fiduciary net position as a percentage of the total pension liability	96.99%	96.60%	94.63%	97.38%	105.59%	106.80%
Covered-employee payroll	\$ 8,084,895	\$ 7,670,263	\$ 7,273,801	\$ 6,636,989	\$ 6,828,046	\$ 6,802,707
Net pension liability as a percentage of covered-employee payroll	11.54%	13.44%	22.21%	10.93%	-21.88%	-26.75%

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2020 only six years are available.**

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Contributions  
General Employees MERS Plan  
Last 10 Fiscal Years**

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<b>Fiscal Year Ending</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as % of Covered Payroll</b>
6/30/2014	\$ 482,264	\$ 482,264	\$ -	\$ 6,802,707	7.09%
6/30/2015	\$ 546,023	\$ 546,023	\$ -	\$ 6,828,046	8.00%
6/30/2016	\$ 467,972	\$ 467,972	\$ -	\$ 6,636,989	7.05%
6/30/2017	\$ 421,695	\$ 421,695	\$ -	\$ 7,273,801	5.80%
6/30/2018	\$ 421,695	\$ 421,695	\$ -	\$ 7,670,263	5.50%
6/30/2019	\$ 477,815	\$ 477,815	\$ -	\$ 8,084,856	5.91%
6/30/2020	\$ 572,107	\$ 572,107	\$ -	\$ 9,287,451	6.16%

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2020 only seven years are available.



TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fire Employees MERS Plan**  
**Last 10 Fiscal Years**

	Measurement Date					
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability:</b>						
Service cost	\$ 1,097,590	\$ 1,072,916	\$ 952,158	\$ 933,608	\$ 813,061	\$ 860,112
Interest on the Total Pension Liability	3,579,964	3,514,449	3,317,188	3,135,600	3,007,667	2,907,446
Changes of benefit terms	-	-	-	-	337,396	-
Differences between expected and actual experience	(1,267,633)	(972,442)	1,481,238	811,915	(133,337)	-
Changes in assumptions	-	-	2,656,661	-	-	(239,140)
Benefit payments	(2,830,906)	(2,551,774)	(2,428,977)	(2,509,464)	(2,249,114)	(2,088,125)
Net change in total pension liability	579,015	1,063,149	5,978,268	2,371,659	1,775,673	1,440,293
Total pension liability - beginning of year	52,008,998	50,945,849	44,967,581	42,595,922	40,820,249	39,379,956
Total pension liability - ending of year (a)	<u>\$ 52,588,013</u>	<u>\$ 52,008,998</u>	<u>\$ 50,945,849</u>	<u>\$ 44,967,581</u>	<u>\$ 42,595,922</u>	<u>\$ 40,820,249</u>
<b>Plan fiduciary net position:</b>						
Contribution - employer	\$ 1,473,508	\$ 1,313,991	\$ 1,153,275	\$ 1,259,357	\$ 1,289,951	\$ 912,444
Contribution - employee	520,878	499,877	474,611	455,921	339,060	364,178
Net investment income	2,226,539	2,589,355	3,481,877	(10,462)	725,793	4,114,352
Benefit payments	(2,830,906)	(2,551,774)	(2,428,977)	(2,509,464)	(2,249,114)	(2,088,125)
Administrative expenses	(34,795)	(34,471)	(32,895)	(28,142)	(29,050)	(25,764)
Other	(1)	1	(58)	1,722	2,576	4,947
Net change in plan fiduciary net position	1,355,223	1,816,979	2,647,833	(831,068)	79,216	3,282,032
Plan fiduciary net position - beginning of year	34,604,074	32,787,095	30,139,262	30,970,330	30,891,114	27,609,082
Plan fiduciary net position - ending of year (b)	<u>\$ 35,959,297</u>	<u>\$ 34,604,074</u>	<u>\$ 32,787,095</u>	<u>\$ 30,139,262</u>	<u>\$ 30,970,330</u>	<u>\$ 30,891,114</u>
Plan's net pension liability (asset) - ending (a)-(b)	<u>\$ 16,628,716</u>	<u>\$ 17,404,924</u>	<u>\$ 18,158,754</u>	<u>\$ 14,828,319</u>	<u>\$ 11,625,592</u>	<u>\$ 9,929,135</u>
Plan fiduciary net position as a percentage of the total pension liability	68.38%	66.53%	64.36%	67.02%	72.71%	75.68%
Covered-employee payroll	\$ 5,779,832	\$ 5,556,273	\$ 5,472,172	\$ 5,453,316	\$ 4,886,183	\$ 5,206,491
Net pension liability as a percentage of covered-employee payroll	287.70%	313.25%	331.84%	271.91%	237.93%	190.71%

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2020 only six years are available.**

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Contributions  
Fire Employees MERS Plan  
Last 10 Fiscal Years**

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<b>Fiscal Year Ending</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contributions as % of Covered Payroll</b>
6/30/2014	\$ 912,444	\$ 912,444	\$ -	\$ 5,206,491	17.53%
6/30/2015	\$ 1,289,951	\$ 1,289,951	\$ -	\$ 4,886,183	26.40%
6/30/2016	\$ 1,259,357	\$ 1,259,357	\$ -	\$ 5,453,316	23.09%
6/30/2017	\$ 1,153,275	\$ 1,153,275	\$ -	\$ 5,472,172	21.08%
6/30/2018	\$ 1,313,991	\$ 1,313,991	\$ -	\$ 5,556,273	23.65%
6/30/2019	\$ 1,473,508	\$ 1,473,508	\$ -	\$ 5,787,541	25.46%
6/30/2020	\$ 1,676,352	\$ 1,676,352	\$ -	\$ 6,122,542	27.38%

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2020 only seven years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND****Required Supplementary Information  
Notes to Schedules  
MERS Pension Plans Administered by ERSRI**

The following reflects the actuarial assumptions related to the pension plans which are administered by the Employee Retirement System of Rhode Island (ERSRI).

Actuarial determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation. Therefore the valuation as of June 30, 2016 determined the contribution rates for measurement date 6/30/2019.

Actuarial Cost Method:	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	23 years at June 30, 2016, which is the date used to determine the contribution requirement for the fiscal year ended June 30, 2019 (the measurement date).
Asset Valuation Method:	5 year smoothed market
Investment rate of return:	7.50%
Projected salary increases:	3.5% - 7.5% for general employees 4% to 14% for police and fire employees
Inflation:	2.75%
Mortality:	Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA for 2000.
Cost of Living Adjustments:	A 2% COLA is assumed after January 1, 2014.
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability  
Teacher's Retirement Plan - Employees' Retirement System  
Last 10 Fiscal Years**

Fiscal Year: Measurement Date:	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Employer's proportion of the net pension liability	1.40315864%	1.42451500%	1.40470594%	1.46125017%	1.44752546%	1.22123336%
Employer's proportionate share of the net pension liability	\$ 44,771,547	\$ 45,260,377	\$ 44,305,641	\$ 43,597,532	\$ 39,842,958	\$ 29,724,825
State of Rhode Island's proportionate share of the net pension liability associated with the Town of North Providence	\$ 33,538,525	\$ 33,760,990	\$ 33,484,419	\$ 29,857,907	\$ 27,219,459	\$ 20,383,682
Total net pension liability	<u>\$ 78,310,072</u>	<u>\$ 79,021,367</u>	<u>\$ 77,790,060</u>	<u>\$ 73,455,439</u>	<u>\$ 67,062,417</u>	<u>\$ 50,108,507</u>
Employer's covered payroll	(a) \$ 26,036,000	\$ 26,985,000	\$ 24,435,000	\$ 23,970,000	\$ 23,525,000	\$ 22,000,000
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	171.96%	167.72%	181.32%	181.88%	169.36%	135.11%
Plan fiduciary net position as a percentage of the total pension liability	54.60%	54.30%	54.00%	54.06%	57.55%	61.40%

**Notes:**

The amounts presented for each fiscal year were determined as of a 6/30 measurement date prior to the fiscal year end.

The Town is required to contribute an actuarially determined contribution rate each year in accordance with RI General Laws, Section 36-10-2.

**The information in this schedule is intended to show 10 years. However as of June 30, 2020, only six years are available.**

**(a) = Employer's covered payroll is for the period covered by the measurement date.**

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Contributions  
Teacher's Retirement Plan - Employees' Retirement System  
Last 10 Fiscal Years**

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<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as % of Covered Payroll</u>
6/30/2014	\$ 2,785,000	\$ 2,785,000	\$ -	\$ 22,000,000	12.66%
6/30/2015	\$ 3,289,534	\$ 3,289,534	\$ -	\$ 23,525,000	13.98%
6/30/2016	\$ 3,399,995	\$ 3,399,995	\$ -	\$ 23,970,000	14.18%
6/30/2017	\$ 3,338,598	\$ 3,338,598	\$ -	\$ 24,435,000	13.66%
6/30/2018	\$ 3,538,031	\$ 3,538,031	\$ -	\$ 26,985,000	13.11%
6/30/2019	\$ 3,632,700	\$ 3,632,700	\$ -	\$ 26,036,000	13.95%
6/30/2020	\$ 3,910,049	\$ 3,910,049	\$ -	\$ 26,634,000	14.68%

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2020 only seven years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Notes to Schedules  
MERS and Teachers (ERS) Pension Plans Administered by ERSRI**

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**Changes in benefit provisions:**

The June 30, 2019, measurement date did not contain any changes in actuarial methods or assumptions in calculating the net pension asset or liability as compared to the June 30, 2018, measurement date.

The 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 ERSRI Systems Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability or asset at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions for the June 30, 2017, measurement date related to the MERS, and Teachers Pension Plans administered by the ERSRI.

Decreased the general inflation assumption from 2.75% to 2.5%.

Decreased the nominal investment return assumption from 7.5% to 7%.

Decreased the general wage growth assumption from 3.25% to 3.0%.

Decreased salary increase assumptions.

Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

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

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Police Pension Trust Fund**  
**Last 10 Fiscal Years**

	<b>Police Pension Trust Fund 2020</b>	<b>Police Pension Trust Fund 2019</b>	<b>Police Pension Trust Fund 2018</b>	<b>Police Pension Trust Fund 2017</b>	<b>Police Pension Trust Fund 2016</b>	<b>Police Pension Trust Fund 2015</b>	<b>Police Pension Trust Fund 2014</b>
<b>Total pension liability:</b>							
Service cost	\$ 918,138	\$ 918,138	\$ 736,642	\$ 736,642	\$ 828,290	\$ 828,290	\$ 906,358
Interest	3,475,647	3,376,779	3,267,196	3,170,114	2,967,159	2,853,715	2,745,438
Differences between expected and actual experience	2,300,088	-	13,182	-	2,283,764	(148,969)	(115,439)
Changes in assumptions	(202,679)	(114,442)	1,600,400	(130,764)	(915,854)	-	-
Benefit payments	<u>(2,842,533)</u>	<u>(2,693,605)</u>	<u>(2,554,384)</u>	<u>(2,319,460)</u>	<u>(2,225,216)</u>	<u>(1,936,364)</u>	<u>(1,737,897)</u>
Net change in total pension liability	3,648,661	1,486,870	3,063,036	1,456,532	2,938,143	1,596,672	1,798,460
Total pension liability - beginning	<u>50,155,232</u>	<u>48,668,362</u>	<u>45,605,326</u>	<u>44,148,794</u>	<u>41,210,651</u>	<u>39,613,979</u>	<u>37,815,519</u>
Total pension liability - ending (a)	<u>\$ 53,803,893</u>	<u>\$ 50,155,232</u>	<u>\$ 48,668,362</u>	<u>\$ 45,605,326</u>	<u>\$ 44,148,794</u>	<u>\$ 41,210,651</u>	<u>\$ 39,613,979</u>
<b>Plan fiduciary net position:</b>							
Contribution - employer	\$ 1,460,559	\$ 1,118,098	\$ 1,111,987	\$ 1,110,332	\$ 832,616	\$ 849,111	\$ 849,111
Contribution - employee	409,770	386,098	325,177	332,577	315,247	369,520	284,314
Net investment income	600,203	2,621,776	3,231,904	3,817,299	362,612	(7,627)	4,844,311
Benefit payments, including refunds of employee contributions	(2,842,533)	(2,693,605)	(2,554,384)	(2,319,460)	(2,225,216)	(1,936,364)	(1,737,897)
Administrative expenses	-	-	-	-	(126,218)	(179,160)	(105,336)
Net change in plan fiduciary net position	(372,001)	1,432,367	2,114,684	2,940,748	(840,959)	(904,520)	4,134,503
Plan fiduciary net position - beginning	<u>43,168,556</u>	<u>41,736,189</u>	<u>39,621,505</u>	<u>36,680,757</u>	<u>37,521,716</u>	<u>38,426,236</u>	<u>34,291,733</u>
Plan fiduciary net position - ending (b)	<u>\$ 42,796,555</u>	<u>\$ 43,168,556</u>	<u>\$ 41,736,189</u>	<u>\$ 39,621,505</u>	<u>\$ 36,680,757</u>	<u>\$ 37,521,716</u>	<u>\$ 38,426,236</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 11,007,338</u>	<u>\$ 6,986,676</u>	<u>\$ 6,932,173</u>	<u>\$ 5,983,821</u>	<u>\$ 7,468,037</u>	<u>\$ 3,688,935</u>	<u>\$ 1,187,743</u>
Plan fiduciary net position as a percentage of the total pension liability	79.54%	86.07%	85.76%	86.88%	83.08%	91.05%	97.00%
Covered-employee payroll	\$ 4,628,303	\$ 4,116,403	\$ 4,116,403	\$ 3,811,043	\$ 3,811,043	\$ 3,751,058	\$ 3,751,058
Net pension liability as a percentage of covered-employee payroll	237.83%	169.73%	168.40%	157.01%	195.96%	98.34%	31.66%

**Notes:**

The information in this schedule is intended to show 10 years. As of June 30, 2020 only seven years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedules of Employer Contributions and Investment Returns  
Police Pension Trust Fund  
Last 10 Fiscal Years**

**Schedule of Employer Contributions**

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$1,442,262	\$1,460,559	\$18,297	\$4,628,303	31.56%
2019	\$1,079,745	\$1,118,098	\$38,353	\$4,116,403	27.16%
2018	\$1,079,745	\$1,111,987	\$32,242	\$4,116,403	27.01%
2017	\$812,452	\$1,110,332	\$297,880	\$3,811,043	29.13%
2016	\$812,452	\$832,616	\$20,164	\$3,811,043	21.85%
2015	\$849,111	\$849,111	\$0	\$3,751,058	22.64%
2014	\$849,111	\$849,111	\$0	\$3,751,058	22.64%
2013	\$1,675,153	\$22,318,088	\$20,642,935	\$3,583,371	622.82%
2012	\$1,675,153	\$1,568,508	(\$106,645)	\$3,583,371	43.77%
2011	\$1,529,633	\$787,295	(\$742,338)	\$3,833,169	20.54%

**Schedule of Investment Returns**

Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
2020	1.37%
2019	6.73%
2018	7.89%
2017	10.03%
2016	0.29%
2015	-0.02%
2014	14.28%

The information in these schedules is intended to show 10 years. However as of June 30, 2020 only seven years are available for the Schedule of Actual Money Weighted Rate of Return.



**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Fire Pension Trust Fund - COLA and CPI Component**  
**Last 10 Fiscal Years**

	<b>Fire COLA Plan 2020</b>	<b>Fire COLA Plan 2019</b>	<b>Fire COLA Plan 2018</b>
Total pension liability:			
Service cost	\$ 869,465	\$ 252,417	\$ 253,817
Interest	1,711,824	1,755,020	1,688,079
Changes in benefit terms	-	1,803,800	-
Differences between expected and actual experience	46,413	-	(52,087)
Changes in assumptions	(19,229,806)	20,414,191	(63,291)
Benefit payments	(1,063,089)	(946,763)	(790,869)
Net change in total pension liability	(17,665,193)	23,278,665	1,035,649
Total pension liability - beginning	48,571,342	25,292,677	24,257,028
Total pension liability - ending (a)	<u>\$ 30,906,149</u>	<u>\$ 48,571,342</u>	<u>\$ 25,292,677</u>
Plan fiduciary net position:			
Contribution - employer	\$ 2,764,817	\$ 946,763	\$ 790,869
Contribution - employee	-	-	-
Net investment income	1	-	-
Benefit payments, including refunds of employee contributions	(1,063,089)	(946,763)	(790,869)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	1,701,729	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 1,701,729</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 29,204,420</u>	<u>\$ 48,571,342</u>	<u>\$ 25,292,677</u>
Plan fiduciary net position as a percentage of the total pension liability	5.51%	0.00%	0.00%
Covered-employee payroll	\$ 5,680,225	\$ 5,242,932	\$ 5,242,932
Net pension liability as a percentage of covered-employee payroll	514.14%	926.42%	482.41%

**Notes:**

The information in this schedule is intended to show 10 years. As of June 30, 2020 only three years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information**  
**Schedules of Employer Contributions and Investment Returns**  
**Fire Pension Trust Fund - COLA and CPI Component**  
**Last 10 Fiscal Years**

**Schedule of Employer Contributions**

Year Ended June 30	Actuarially Determined Contribution	(a) Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$6,072,853	\$2,764,817	(\$3,308,036)	\$5,680,225	48.67%
2019	\$0	\$946,763	\$946,763	\$5,242,932	18.06%
2018	\$0	\$790,869	\$790,869	\$5,242,932	15.08%

**Schedule of Investment Returns**

Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses

Information is not currently available for this plan as the initial contribution into the Trust Fund occurred at the end of fiscal 2020.

(a) = Actual contributions include payments made directly to retirees during fiscal year. The Town of North Providence established a Trust Fund for this Fire Pension Plan effective in fiscal 2020. The establishment of the Trust Fund included a contribution of \$1,701,728 during the fiscal year ended June 30, 2020.

The information in these schedules is intended to show 10 years. Additional information will be included as it becomes available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**OPEB Trust Fund - Town**  
**Last 10 Fiscal Years**

	Town OPEB Trust Fund 2020	Town OPEB Trust Fund 2019	Town OPEB Trust Fund 2018	Town OPEB Trust Fund 2017	Town OPEB Trust Fund 2016
Total pension liability:					
Service cost	\$ 2,437,393	\$ 2,541,914	\$ 2,623,333	\$ 2,959,480	\$ 2,725,113
Interest	1,745,362	2,080,498	2,014,755	1,618,729	2,233,318
Change in benefit terms	2,140,105	-	-	-	(2,583)
Differences between expected and actual experience	(7,429,937)	(7,835,020)	(6,256,150)	(618,971)	(5,905,518)
Changes in assumptions	2,643,946	1,403,165	1,260,959	(2,689,096)	3,226,250
Benefit payments	(2,354,200)	(1,888,700)	(2,896,059)	(2,580,961)	(2,757,830)
Net change in total pension liability	(817,331)	(3,698,143)	(3,253,162)	(1,310,819)	(481,250)
Total pension liability - beginning	48,454,978	52,153,121	55,406,283	56,717,102	57,198,352
Total pension liability - ending (a)	<u>\$ 47,637,647</u>	<u>\$ 48,454,978</u>	<u>\$ 52,153,121</u>	<u>\$ 55,406,283</u>	<u>\$ 56,717,102</u>
Plan fiduciary net position:					
Contribution - employer	\$ 2,604,200	\$ 2,138,700	\$ 3,146,059	\$ 2,830,961	\$ 3,257,830
Contribution - employee	-	-	-	-	-
Net investment income	70,280	93,513	82,858	92,520	15,465
Benefit payments, including refunds of employee contributions	(2,354,200)	(1,888,700)	(2,896,059)	(2,580,961)	(2,757,830)
Administrative expenses	(2,740)	(2,806)	(1,756)	-	(680)
Net change in plan fiduciary net position	317,540	340,707	331,102	342,520	514,785
Plan fiduciary net position - beginning	1,779,114	1,438,407	1,107,305	764,785	250,000
Plan fiduciary net position - ending (b)	<u>\$ 2,096,654</u>	<u>\$ 1,779,114</u>	<u>\$ 1,438,407</u>	<u>\$ 1,107,305</u>	<u>\$ 764,785</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 45,540,993</u>	<u>\$ 46,675,864</u>	<u>\$ 50,714,714</u>	<u>\$ 54,298,978</u>	<u>\$ 55,952,317</u>
Plan fiduciary net position as a percentage of the total pension liability	4.40%	3.67%	2.80%	2.00%	1.35%
Covered-employee payroll	\$ 15,834,894	\$ 13,354,202	\$ 14,019,723	\$ 13,560,802	\$ 13,102,224
Net pension liability as a percentage of covered-employee payroll	287.60%	349.52%	361.74%	400.41%	427.04%

**Notes:**

The information in this schedule is intended to show 10 years. As of June 30, 2020 only five years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**OPEB Trust Fund - School**  
**Last 10 Fiscal Years**

	<b>School OPEB Trust Fund 2020</b>	<b>School OPEB Trust Fund 2019</b>	<b>School OPEB Trust Fund 2018</b>	<b>School OPEB Trust Fund 2017</b>	<b>School OPEB Trust Fund 2016</b>
Total pension liability:					
Service cost	\$ 298,641	\$ 290,339	\$ 304,845	\$ 360,836	\$ 294,094
Interest	215,743	253,267	224,321	195,594	315,409
Change in benefit terms	(715,993)	-	-	-	(367,084)
Differences between expected and actual experience	301,597	(494,407)	683,896	(567,301)	(937,473)
Changes in assumptions	127,043	101,714	(442,723)	(198,693)	66,260
Benefit payments	(572,585)	(541,344)	(484,784)	(500,969)	(612,644)
Net change in total pension liability	(345,554)	(390,431)	285,555	(710,533)	(1,241,438)
Total pension liability - beginning	6,131,693	6,522,124	6,236,569	6,947,102	8,188,540
Total pension liability - ending (a)	<u>\$ 5,786,139</u>	<u>\$ 6,131,693</u>	<u>\$ 6,522,124</u>	<u>\$ 6,236,569</u>	<u>\$ 6,947,102</u>
Plan fiduciary net position:					
Contribution - employer	\$ 572,585	\$ 541,344	\$ 484,784	\$ 500,969	\$ 612,644
Benefit payments, including refunds of employee contributions	(572,585)	(541,344)	(484,784)	(500,969)	(612,644)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 5,786,139</u>	<u>\$ 6,131,693</u>	<u>\$ 6,522,124</u>	<u>\$ 6,236,569</u>	<u>\$ 6,947,102</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	n/a	\$31,691,990	\$ 29,323,296	n/a	n/a
Net pension liability as a percentage of covered-employee payroll	n/a	19.35%	22.24%	n/a	n/a

**Notes:**

The information in this schedule is intended to show 10 years. As of June 30, 2020 only five years are available.

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Contributions and Investment Returns  
OPEB Trust Fund - Town  
Last 10 Fiscal Years**

**Schedule of Employer Contributions**

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
2020	\$4,133,922	\$2,604,200	(\$1,529,722)	\$ 15,844,894	16.44%
2019	\$4,556,119	\$2,138,700	(\$2,417,419)	\$ 13,354,202	16.02%
2018	\$4,331,922	\$3,146,059	(\$1,185,863)	\$ 14,019,723	22.44%
2017	\$4,073,563	\$2,830,961	(\$1,242,602)	\$ 13,560,802	20.88%
2016	\$3,854,662	\$3,257,830	(\$596,832)	\$ 13,102,224	24.86%
2015	\$5,651,000	\$3,839,000	(\$1,812,000)	\$ 37,460,000	10.25%
2014	\$5,332,000	\$2,961,000	(\$2,371,000)	\$ 37,460,000	7.90%
2013	\$4,955,000	\$2,841,000	(\$2,114,000)	\$ 41,332,000	6.87%
2012	\$4,686,000	\$2,771,000	(\$1,915,000)	\$ 41,332,000	6.70%
2011	\$4,549,000	\$2,208,000	(\$2,341,000)	n/a	n/a

**The Actuarially Determined Contribution (ADC) for 2019 through 2016 is only calculated for the Town who is pre-funding the retiree health benefits. The ADC prior to fiscal 2016 is based on the Annual Required Contribution calculated in the prior GASB 45 actuarial valuations and they are for both the Town and School as was reported in the Town's financial statements**

**Schedule of Investment Returns**

Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
2016	4.26%
2017	11.95%
2018	7.11%
2019	6.26%
2020	not available

**\*\* The OPEB Trust Fund is utilized for Town personnel not the School Department. This exhibits reflects information pertaining only for the Town which is prefunding the retiree health benefits.**

The information in these schedules is intended to show 10 years. However as of June 30, 2020 only five years are available for the money weighted rate of returns.

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Required Supplementary Information**  
**Notes to Schedules**  
**OPEB Trust Fund**

The following reflects the actuarial methods and assumptions related to the OPEB Trust Fund for the Town and School.

Valuation date:	June 30, 2020. Liabilities as of July 1, 2019, are based on an actuarial valuation date of July 1, 2018, projected to July 1, 2019, on a "no loss/no gain" basis.
Measurement date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal Level % of salary.
Discount Rate:	Accounting 2.66% for Town and School at June 30, 2020 and 3.51% at June 30, 2019. Funding - 6.36% (6.86% at June 30, 2019) at June 30, 2020, for Town funding purposes.
Inflation rate:	3% per year
Payroll Growth:	For amortization purposes - 3.5% For valuation purposes utilized 4% wage inflation for Fire, 3% for police, 3% for teachers and 3.25% wage inflation for all other employees except Police plus merit and longevity increases. The assumptions are based on the RI ERS and MERS actuarial valuation as of June 30, 2019.
Asset Method:	Market value of assets.
Mortality:	Police and Fire: RPH-2014 Blue Collar Mortality Table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report. Teachers and Admin: RPH-2014 White Collar Mortality Table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report. Healthy Table for female with white collar adjustment. All others: RPH-2014 Mortality Table with generational improvements from 2006 based on assumption from the 2019 SSA Trustees' Report.
Health Care Trend Rates:	8% in fiscal 2021 decreasing by .5% annually through fiscal 2028 at which time the trend rate for medical and prescriptions remains at 4.5%.  Annual dental trend is assumed to be 3% in the future.
Employer Funding Policy:	Town is expected to contribute \$250,000 annually in addition to funding the pay-as-you-go costs.

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# **TOWN OF NORTH PROVIDENCE**

## **OTHER SUPPLEMENTARY INFORMATION**





# TOWN OF NORTH PROVIDENCE

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes. The following special revenue funds are reported as nonmajor governmental funds.

Police Grants Fund	Community Development Block Grant
Community Fund Program	State Drug Forfeiture
Treasury Forfeiture Fund	Emergency Management
Fire Alarm Tie-in	Games of Chance
Historical Records Trust	Fire Prevention Fund
Land Trust Reserve Fund	Recording Fees Fund
Decon Grant Fund	Fireworks Parade Fund
Meehan Overlook at Notte	Recycling Fund
Youth Commission/Special Fund	Roadway Aid Grant
School Restricted Funds	

The School Restricted Funds noted above is comprised of the following 22 restricted grant funds administered by the North Providence School Department:

Title I	Ptech Grant
Title III	Project IDEA
IDEA Preschool	ESSER Grant
TriCounty Community Grant	Title II
CTE Categorical	Perkins
Perkins Marine	Perkins Technology
PreK to K Transition	Skills Up Grant
Preschool Tuition Fund	Champlin Foundation Grant
Hasbro Summer Learning	ESSA ATSI Launch
RI Foundation/RIMTA	Feinstein Foundation
Donations Fund	American Council on Education

The North Providence Educational Foundation and the North Providence Senior Center Association are 501(C) 3 Corporations and are considered to be component units to the Town of North Providence and have been blended in as a Special Revenue Funds.

(CONTINUED)

# TOWN OF NORTH PROVIDENCE

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

Capital projects 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**School Capital Reserve** - This fund is used to account for the capital project activity maintained by the North Providence School Department.

**Capital Project Fund** – This fund is used to account for various capital project funds of the Town including the acquisition of capital assets utilizing note obligations and lease purchase agreements.

**Kids Klub School Improvement Fund** – This fund was created by Town Council Ordinance #09-014. The purpose of this fund is to record the revenue received from Kids Klub for the use of school facilities. The proceeds will be utilized for capital projects related to the Town's elementary schools.

**Fire Equipment Capital Fund** – This fund was created by Town Council Ordinance #16-006. The purpose of the fund is to allocate 20% of the annual "net" rescue funds reimbursements to be used for the purchase of fire and rescue apparatus.

(CONCLUDED)

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TOWN OF NORTH PROVIDENCE, RHODE ISLAND

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

<b>SPECIAL REVENUE FUNDS</b>									
	Police Grants	Community Development Block Grants	Community Fund Program	State Drug Forfeiture	Treasury Forfeiture Fund	Emergency Management	Fire Alarm Tie-In	Games of Chance	Historical Records Trust
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 88,988	\$ -	\$ 151,140	\$ 14,206	\$ -	\$ -	\$ 64,001	\$ -
Accounts and other receivable(net)	-	286,718	-	-	-	-	-	-	-
Due from federal & state governments	5,808	38,829	-	-	-	50,000	-	-	-
Due from other funds	18,090	-	3,632	-	-	21,106	47,123	-	99,498
<b>TOTAL ASSETS</b>	<b>\$ 23,898</b>	<b>\$ 414,535</b>	<b>\$ 3,632</b>	<b>\$ 151,140</b>	<b>\$ 14,206</b>	<b>\$ 71,106</b>	<b>\$ 47,123</b>	<b>\$ 64,001</b>	<b>\$ 99,498</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 6,025	\$ 78,614	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 10,101
Due to other funds	-	38,829	-	-	-	-	-	-	-
Unearned revenue - other	-	286,719	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,025</b>	<b>404,162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>10,101</b>
<b>FUND BALANCES</b>									
Restricted	17,873	10,373	3,632	151,140	14,206	21,106	47,123	-	89,397
Committed	-	-	-	-	-	-	-	64,001	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>17,873</b>	<b>10,373</b>	<b>3,632</b>	<b>151,140</b>	<b>14,206</b>	<b>21,106</b>	<b>47,123</b>	<b>64,001</b>	<b>89,397</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,898</b>	<b>\$ 414,535</b>	<b>\$ 3,632</b>	<b>\$ 151,140</b>	<b>\$ 14,206</b>	<b>\$ 71,106</b>	<b>\$ 47,123</b>	<b>\$ 64,001</b>	<b>\$ 99,498</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**EXHIBIT 1 (Continued)**

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

	<b><u>SPECIAL REVENUE FUNDS</u></b>							
	Fire Prevention Fund	Land Trust Reserve Fund	Recording Fees Fund	Decon Grant	Fireworks Parade Fund	Meehan Overlook at Notte	Recycling Fund	Youth Commission/ Special Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 38,918	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivable(net)	-	-	-	-	-	-	-	-
Due from federal & state governments	-	-	-	10,163	-	-	-	-
Due from other funds	157,230	202,850	13,837	(10,163)	4,050	180,865	218,089	21,298
<b>TOTAL ASSETS</b>	<b>\$ 157,230</b>	<b>\$ 202,850</b>	<b>\$ 52,755</b>	<b>\$ -</b>	<b>\$ 4,050</b>	<b>\$ 180,865</b>	<b>\$ 218,089</b>	<b>\$ 21,298</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 660	\$ 2,850	\$ -	\$ 1,590	\$ -	\$ 1,650	\$ 322	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue - other	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>660</b>	<b>2,850</b>	<b>-</b>	<b>1,590</b>	<b>-</b>	<b>1,650</b>	<b>322</b>	<b>-</b>
<b>FUND BALANCES</b>								
Restricted	156,570	-	52,755	-	4,050	-	-	21,298
Committed	-	200,000	-	-	-	179,215	217,767	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,590)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>156,570</b>	<b>200,000</b>	<b>52,755</b>	<b>(1,590)</b>	<b>4,050</b>	<b>179,215</b>	<b>217,767</b>	<b>21,298</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 157,230</b>	<b>\$ 202,850</b>	<b>\$ 52,755</b>	<b>\$ -</b>	<b>\$ 4,050</b>	<b>\$ 180,865</b>	<b>\$ 218,089</b>	<b>\$ 21,298</b>

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

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

	<b>SPECIAL REVENUE FUNDS</b>					<b>CAPITAL PROJECT FUNDS</b>					
	Roadway Aid Grant	North Prov. Senior Ctr. Association	North Prov. Educational Foundation	School Restricted Funds	Total Special Revenue Funds	School Capital Reserve	Capital Project Fund	Kids Klub School Improvements	Fire Equipment Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ 31,147	\$ (18)	\$ -	\$ 388,382	\$ 484,283	\$ -	\$ 162,186	\$ -	\$ 646,469	\$ 1,034,851
Accounts and other receivable(net)	-	-	-	-	286,718	-	-	-	-	-	286,718
Due from federal & state governments	-	-	-	1,056,725	1,161,525	-	8,000	-	-	8,000	1,169,525
Due from other funds	456,960	-	-	183,649	1,618,114	-	390,038	-	214,642	604,680	2,222,794
<b>TOTAL ASSETS</b>	<b>\$ 456,960</b>	<b>\$ 31,147</b>	<b>\$ (18)</b>	<b>\$ 1,240,374</b>	<b>\$ 3,454,739</b>	<b>\$ 484,283</b>	<b>\$ 398,038</b>	<b>\$ 162,186</b>	<b>\$ 214,642</b>	<b>\$ 1,259,149</b>	<b>\$ 4,713,888</b>
<b>LIABILITIES</b>											
Accounts payable	\$ -	\$ -	\$ -	\$ 6,457	\$ 158,269	\$ -	\$ 46,887	\$ -	\$ -	\$ 46,887	\$ 205,156
Due to other funds	-	-	-	1,053,418	1,092,247	698,898	-	-	-	698,898	1,791,145
Unearned revenue - other	-	-	-	-	286,719	-	-	-	-	-	286,719
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,059,875</b>	<b>1,537,235</b>	<b>698,898</b>	<b>46,887</b>	<b>-</b>	<b>-</b>	<b>745,785</b>	<b>2,283,020</b>
<b>FUND BALANCES</b>											
Restricted	-	31,147	-	180,499	801,169	-	351,151	-	-	351,151	1,152,320
Committed	456,960	-	-	-	1,117,943	-	-	162,186	214,642	376,828	1,494,771
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(18)	-	(1,608)	(214,615)	-	-	-	(214,615)	(216,223)
<b>TOTAL FUND BALANCES</b>	<b>456,960</b>	<b>31,147</b>	<b>(18)</b>	<b>180,499</b>	<b>1,917,504</b>	<b>(214,615)</b>	<b>351,151</b>	<b>162,186</b>	<b>214,642</b>	<b>513,364</b>	<b>2,430,868</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 456,960</b>	<b>\$ 31,147</b>	<b>\$ (18)</b>	<b>\$ 1,240,374</b>	<b>\$ 3,454,739</b>	<b>\$ 484,283</b>	<b>\$ 398,038</b>	<b>\$ 162,186</b>	<b>\$ 214,642</b>	<b>\$ 1,259,149</b>	<b>\$ 4,713,888</b>

(CONCLUDED)

## TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020**

	<b>SPECIAL REVENUE FUNDS</b>								
	Police Grants	Community Development Block Grants	Community Fund Program	State Drug Forfeiture	Treasury Forfeiture Fund	Emergency Management	Fire Alarm Tie-In	Games of Chance	Historical Records Trust
<b>REVENUES:</b>									
Intergovernmental	\$ 85,856	\$ 240,817	\$ -	\$ 28,854	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Interest and investment income	-	3,080	-	282	41	-	-	-	-
Fees and assessments	-	-	-	-	-	-	120	90,984	5,662
Private grants and contributions	-	-	-	-	-	-	-	-	-
Other	-	14,702	800	-	-	-	-	-	-
<b>Total revenues</b>	<b>85,856</b>	<b>258,599</b>	<b>800</b>	<b>29,136</b>	<b>41</b>	<b>50,000</b>	<b>120</b>	<b>90,984</b>	<b>5,662</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
Public safety	67,290	-	-	-	14,141	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Other expenses	-	355,945	-	-	-	-	-	58,499	-
<b>Debt Service:</b>									
Debt service principal	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
<b>Capital Outlays</b>									
<b>Total expenditures</b>	<b>67,290</b>	<b>355,945</b>	<b>-</b>	<b>-</b>	<b>14,141</b>	<b>50,000</b>	<b>-</b>	<b>58,499</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>18,566</b>	<b>(97,346)</b>	<b>800</b>	<b>29,136</b>	<b>(14,100)</b>	<b>-</b>	<b>120</b>	<b>32,485</b>	<b>5,662</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	899	23,395	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>899</b>	<b>23,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>19,465</b>	<b>(73,951)</b>	<b>800</b>	<b>29,136</b>	<b>(14,100)</b>	<b>-</b>	<b>120</b>	<b>32,485</b>	<b>5,662</b>
<b>Fund balances - beginning of year</b>	<b>(1,592)</b>	<b>84,324</b>	<b>2,832</b>	<b>122,004</b>	<b>28,306</b>	<b>21,106</b>	<b>47,003</b>	<b>31,516</b>	<b>83,735</b>
<b>Fund balances - end of year</b>	<b>\$ 17,873</b>	<b>\$ 10,373</b>	<b>\$ 3,632</b>	<b>\$ 151,140</b>	<b>\$ 14,206</b>	<b>\$ 21,106</b>	<b>\$ 47,123</b>	<b>\$ 64,001</b>	<b>\$ 89,397</b>

(CONTINUED)

## TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2020**

	<b>SPECIAL REVENUE FUNDS</b>							
	Fire Prevention <u>Fund</u>	Land Trust Reserve <u>Fund</u>	Recording Fees <u>Fund</u>	Decon <u>Grant</u>	Fireworks Parade <u>Fund</u>	Meehan Overlook at Notte <u>at Notte</u>	Recycling <u>Fund</u>	Youth Commission/ Special <u>Fund</u>
<b>REVENUES:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ 11,228	\$ -	\$ -	\$ -	\$ 3,000
Interest and investment income	-	-	168	-	-	-	-	-
Fees and assessments	42,091	4,618	36,748	-	-	54,990	32,093	-
Private grants and contributions	-	-	-	-	-	-	-	5,500
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>42,091</b>	<b>4,618</b>	<b>36,916</b>	<b>11,228</b>	<b>-</b>	<b>54,990</b>	<b>32,093</b>	<b>8,500</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	60,046	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Other expenses	-	3,850	99,118	2,261	-	-	9,867	3,029
<b>Debt Service:</b>								
Debt service principal	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
<b>Capital Outlays</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>60,046</b>	<b>3,850</b>	<b>99,118</b>	<b>14,143</b>	<b>-</b>	<b>-</b>	<b>9,867</b>	<b>3,029</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(17,955)</b>	<b>768</b>	<b>(62,202)</b>	<b>(2,915)</b>	<b>-</b>	<b>54,990</b>	<b>22,226</b>	<b>5,471</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	1,325	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(200,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,000)</b>
<b>Net change in fund balances</b>	<b>(17,955)</b>	<b>768</b>	<b>(62,202)</b>	<b>(1,590)</b>	<b>-</b>	<b>54,990</b>	<b>22,226</b>	<b>(194,529)</b>
<b>Fund balances - beginning of year</b>	<b>174,525</b>	<b>199,232</b>	<b>114,957</b>	<b>-</b>	<b>4,050</b>	<b>124,225</b>	<b>195,541</b>	<b>215,827</b>
<b>Fund balances - end of year</b>	<b>\$ 156,570</b>	<b>\$ 200,000</b>	<b>\$ 52,755</b>	<b>\$ (1,590)</b>	<b>\$ 4,050</b>	<b>\$ 179,215</b>	<b>\$ 217,767</b>	<b>\$ 21,298</b>

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUNDS					Total Nonmajor Governmental Funds
	Roadway Aid Grant	North Prov. Senior Ctr. Association	North Prov. Educational Foundation	School Restricted Funds	Total Special Revenue Funds	School Capital Reserve	Capital Project Fund	Kids Klub School Improvements	Fire Equipment Fund	Total Capital Project Funds	
<b>REVENUES:</b>											
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,737,277	\$ 3,157,032	\$ 78,998	\$ 8,791	\$ -	\$ -	\$ 87,789	\$ 3,244,821
Interest and investment income	-	294	-	-	3,865	-	-	251	-	251	4,116
Fees and assessments	-	-	-	-	267,306	-	-	21,000	254,739	275,739	543,045
Private grants and contributions	-	14,086	8,877	57,670	86,133	-	14,118	-	-	14,118	100,251
Other	22,482	6,731	-	-	44,715	-	-	-	-	-	44,715
<b>Total revenues</b>	<b>22,482</b>	<b>21,111</b>	<b>8,877</b>	<b>2,794,947</b>	<b>3,559,051</b>	<b>78,998</b>	<b>22,909</b>	<b>21,251</b>	<b>254,739</b>	<b>377,897</b>	<b>3,936,948</b>
<b>EXPENDITURES:</b>											
<b>Current:</b>											
Public safety	-	-	-	-	141,477	-	-	-	-	-	141,477
Education	-	-	50,346	2,741,509	2,791,855	-	-	-	-	-	2,791,855
Public works	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	2,910	-	-	535,479	-	-	-	-	-	535,479
<b>Debt Service:</b>											
Debt service principal	-	-	-	-	-	43,000	-	-	161,338	204,338	204,338
Interest expense	-	-	-	-	-	808	-	-	23,355	24,163	24,163
<b>Capital Outlays</b>	-	9,995	-	19,177	91,054	56,120	145,827	-	-	201,947	293,001
<b>Total expenditures</b>	-	12,905	50,346	2,760,686	3,559,865	99,928	145,827	-	184,693	430,448	3,990,313
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>22,482</b>	<b>8,206</b>	<b>(41,469)</b>	<b>34,261</b>	<b>(814)</b>	<b>(20,930)</b>	<b>(122,918)</b>	<b>21,251</b>	<b>70,046</b>	<b>(52,551)</b>	<b>(53,365)</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	-	-	25,619	-	202,000	-	-	202,000	227,619
Transfers out	-	-	-	-	(200,000)	-	-	-	-	-	(200,000)
<b>Total other financing sources (uses)</b>	-	-	-	-	(174,381)	-	202,000	-	-	202,000	27,619
<b>Net change in fund balances</b>	<b>22,482</b>	<b>8,206</b>	<b>(41,469)</b>	<b>34,261</b>	<b>(175,195)</b>	<b>(20,930)</b>	<b>79,082</b>	<b>21,251</b>	<b>70,046</b>	<b>149,449</b>	<b>(25,746)</b>
<b>Fund balances - beginning of year</b>	<b>434,478</b>	<b>22,941</b>	<b>41,451</b>	<b>146,238</b>	<b>2,092,699</b>	<b>(193,685)</b>	<b>272,069</b>	<b>140,935</b>	<b>144,596</b>	<b>363,915</b>	<b>2,456,614</b>
<b>Fund balances - end of year</b>	<b>\$ 456,960</b>	<b>\$ 31,147</b>	<b>\$ (18)</b>	<b>\$ 180,499</b>	<b>\$ 1,917,504</b>	<b>\$ (214,615)</b>	<b>\$ 351,151</b>	<b>\$ 162,186</b>	<b>\$ 214,642</b>	<b>\$ 513,364</b>	<b>\$ 2,430,868</b>

(CONCLUDED)



# TOWN OF NORTH PROVIDENCE

## AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments. The following funds are reported in this section:

**Unclaimed Estates** – To account for property which is held by the Town in its fiduciary capacity pending settlement in probate.

**Seized Property** – To account for property that was obtained by the Town during police investigations and is to be remitted to the State or Federal Government or returned to the original owner.

**Low Cost Spay/Neuter** – To provide assistance to low income families for pet spay or neutering.

**Animal Care Donations** – To provide financial support to low income families whose pets are in need of miscellaneous care.

**Animal Care Adoptions** – To provide financial support to families seeking to adopt animals from the Town's animal shelter.

**Realty Tax Transfer** – To collect fees on real estate property transfers. This account is used to hold the portion of the fees that are due to the State of Rhode Island.

**Student Activities Fund** – To account for funds held in various school programs. During fiscal 2020, the North Providence School Department was administering approximately 15 separate accounts for student activity funds.

**Food Pantry Fund** – To account for funds received which are to be used to support low income families seeking assistance.

**Performance Bond Fund** – To account for funds received from developers as security to ensure that projects are completed in accordance with Town requirements. Bond payments are refunded to contractors/developers once the project is completed and approved by the Town.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Unclaimed Estates</u></b>				
ASSETS:				
Cash	\$ -	\$ 106,973	\$ -	\$ 106,973
TOTAL ASSETS	\$ -	\$ 106,973	\$ -	\$ 106,973
LIABILITIES:				
Deposits held in custody for others	\$ -	\$ 106,973	\$ -	\$ 106,973
TOTAL LIABILITIES	\$ -	\$ 106,973	\$ -	\$ 106,973
<b><u>Seized Property:</u></b>				
ASSETS:				
Cash	\$ 47,976	\$ -	\$ 34,154	\$ 13,822
TOTAL ASSETS	\$ 47,976	\$ -	\$ 34,154	\$ 13,822
LIABILITIES:				
Deposits held in custody for others	\$ 47,976	\$ -	\$ 34,154	\$ 13,822
TOTAL LIABILITIES	\$ 47,976	\$ -	\$ 34,154	\$ 13,822
<b><u>Low Cost Spay/Neuter:</u></b>				
ASSETS:				
Other receivables	\$ 3,242	\$ 216	\$ -	\$ 3,458
TOTAL ASSETS	\$ 3,242	\$ 216	\$ -	\$ 3,458
LIABILITIES:				
Deposits held in custody for others	\$ 3,242	\$ 216	\$ -	\$ 3,458
TOTAL LIABILITIES	\$ 3,242	\$ 216	\$ -	\$ 3,458
<b><u>Animal Care Donations:</u></b>				
ASSETS:				
Other receivables	\$ 27,278	\$ 3,874	\$ 3,557	\$ 27,595
TOTAL ASSETS	\$ 27,278	\$ 3,874	\$ 3,557	\$ 27,595
LIABILITIES:				
Deposits held in custody for others	\$ 27,278	\$ 3,874	\$ 3,557	\$ 27,595
TOTAL LIABILITIES	\$ 27,278	\$ 3,874	\$ 3,557	\$ 27,595
<b><u>Animal Care Adoptions:</u></b>				
ASSETS:				
Other receivables	\$ 8,180	\$ -	\$ 103	\$ 8,077
TOTAL ASSETS	\$ 8,180	\$ -	\$ 103	\$ 8,077
LIABILITIES:				
Deposits held in custody for others	\$ 8,180	\$ -	\$ 103	\$ 8,077
TOTAL LIABILITIES	\$ 8,180	\$ -	\$ 103	\$ 8,077

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Realty Tax Transfer Account:</u></b>				
ASSETS:				
Cash	\$ 76,841	\$ 839,760	\$ 848,583	\$ 68,018
TOTAL ASSETS	\$ 76,841	\$ 839,760	\$ 848,583	\$ 68,018
LIABILITIES:				
Deposits held in custody for others	\$ 76,841	\$ 839,760	\$ 848,583	\$ 68,018
TOTAL LIABILITIES	\$ 76,841	\$ 839,760	\$ 848,583	\$ 68,018
<b><u>Student Activities Fund</u></b>				
ASSETS:				
Cash	\$ 510,638	\$ 688,610	\$ 555,421	\$ 643,827
TOTAL ASSETS	\$ 510,638	\$ 688,610	\$ 555,421	\$ 643,827
LIABILITIES:				
Deposits held in custody for others	\$ 510,638	\$ 688,610	\$ 555,421	\$ 643,827
TOTAL LIABILITIES	\$ 510,638	\$ 688,610	\$ 555,421	\$ 643,827
<b><u>Food Pantry Fund</u></b>				
ASSETS:				
Cash	\$ 1,112	\$ 1,200	\$ 2,000	\$ 312
TOTAL ASSETS	\$ 1,112	\$ 1,200	\$ 2,000	\$ 312
LIABILITIES:				
Deposits held in custody for others	\$ 1,112	\$ 1,200	\$ 2,000	\$ 312
TOTAL LIABILITIES	\$ 1,112	\$ 1,200	\$ 2,000	\$ 312
<b><u>Performance Bond Fund</u></b>				
ASSETS:				
Cash	\$ 21,670	\$ 285	\$ -	\$ 21,955
TOTAL ASSETS	\$ 21,670	\$ 285	\$ -	\$ 21,955
LIABILITIES:				
Deposits held in custody for others	\$ 21,670	\$ 285	\$ -	\$ 21,955
TOTAL LIABILITIES	\$ 21,670	\$ 285	\$ -	\$ 21,955
<b><u>Total - All Agency Funds</u></b>				
ASSETS:				
Cash	\$ 658,237	\$ 1,636,828	\$ 1,440,158	\$ 854,907
Other receivables	38,700	4,090	3,660	39,130
TOTAL ASSETS	\$ 696,937	\$ 1,640,918	\$ 1,443,818	\$ 894,037
LIABILITIES:				
Deposits held in custody for others	\$ 696,937	\$ 1,640,918	\$ 1,443,818	\$ 894,037
TOTAL LIABILITIES	\$ 696,937	\$ 1,640,918	\$ 1,443,818	\$ 894,037

(CONCLUDED)

# TOWN OF NORTH PROVIDENCE

## OTHER EXHIBITS



TOWN OF NORTH PROVIDENCE, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Tax Roll Year	Residential & Commercial Mill Rate	Property Taxes Receivable July 1, 2019	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections	Property Taxes Receivable June 30, 2020	Collections Summary			Tax Revenue Recognized FYE 6/30/2020
									Subject to 60 Day Rule	Not Subject to 60 Day Rule	Subject to 60 Day Rule	
									July 1, 2019 to August 31, 2019	July 1, 2019 to June 30, 2020	July 1, 2020 to August 31, 2020	
2019	\$26.89 & \$33.63	\$ -	\$ 69,889,199	\$ 29,384	\$ (162,435)	\$ 69,756,148	\$ 68,064,571	\$ 1,691,577	\$ -	\$ 68,064,571	\$ 860,657	\$ 68,925,228
2018	\$26.14 & \$32.88	1,733,619	-	2,483	(19,900)	1,716,202	1,196,815	519,387	640,675	556,140	46,668	602,808
2017	\$26.14 & \$32.88	535,727	-	538	(27,203)	509,062	107,647	401,415	39,036	68,611	5,309	73,920
2016	\$27.94 & \$34.68	504,382	-	287	(1,055)	503,614	48,541	455,073	12,675	35,866	3,427	39,293
2015	\$27.94 & \$34.68	500,381	-	-	(497)	499,884	37,143	462,741	6,517	30,626	2,032	32,658
2014	\$27.94 & \$34.68	473,148	-	129	(405)	472,872	21,189	451,683	3,725	17,464	1,698	19,162
2013	\$24.29 & \$31.03	584,754	-	1,231	(617)	585,368	22,722	562,646	3,480	19,242	2,997	22,239
2012	\$24.29 & \$31.03	585,001	-	1,278	(216)	586,063	23,549	562,514	3,714	19,835	1,435	21,270
2011	\$24.15 & \$30.85	580,468	-	394	(192)	580,670	23,204	557,466	1,386	21,818	1,458	23,276
2010	\$24.15 & \$30.85	570,047	-	189	(386)	569,850	16,964	552,886	1,807	15,157	1,764	16,921
2009	\$19.65 & \$25.60	308,263	-	-	-	308,263	1,464	306,799	707	757	-	757
2008	\$19.65 & \$25.60	323,760	-	-	-	323,760	2,610	321,150	1,748	862	-	862
2007 and prior	various	3,090	-	27	(301)	2,816	-	2,816	-	-	-	-
Subtotal		6,702,640	\$ 69,889,199	\$ 35,940	\$ (213,207)	\$ 76,414,572	\$ 69,566,419	6,848,153	\$ 715,470	\$ 68,850,949	\$ 927,445	\$ 69,778,394
Less: allowance for uncollectable accounts		(4,000,000)						(4,200,000)				
<b>Net property taxes receivable</b>		<u>\$ 2,702,640</u>						<u>\$ 2,648,153</u>				

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Schedule of Net Assessed Property Value by Category</u>				<u>Reconciliation of Current Year Property Tax Revenue</u>	
<u>Description of Property</u>	<u>Assessed December 31, 2018 (2019 tax roll)</u>				
	<u>Valuations</u>		<u>Levy</u>		
Real Property	\$ 2,477,409,742	\$	69,738,188	Current year collections	\$ 69,566,419
Motor Vehicles	201,703,074		7,059,608	Revenue received 60 days subsequent to fiscal year ending June 30, 2020	927,445
Tangible Property	73,310,821		5,048,183	Subtotal	<u>70,493,864</u>
Total assessments	<u>2,752,423,637</u>		<u>81,845,979</u>	Prior year revenue received in current year fiscal year ending June 30, 2019 - 60 day rule	<u>(715,470)</u>
Exemptions and adjustments	<u>(426,861,313)</u>		<u>(11,956,780)</u>	<b><i>Current year property tax revenue</i></b>	<b><u>\$ 69,778,394</u></b>
<b><i>Net assessed value</i></b>	<b><u>\$ 2,325,562,324</u></b>	<b><u>\$</u></b>	<b><u>69,889,199</u></b>		

**NOTE: The 2019 tax assessment information above represents the fiscal 2020 certification .....**

(CONCLUDED)

# TOWN OF NORTH PROVIDENCE

## OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) – Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

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

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

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

EXHIBIT -5

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 68,925,228	\$ -
Last Year's Levy Tax Collection	602,808	-
Prior Years Property Tax Collection	250,358	-
Interest & Penalty	367,103	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,270,161	-
Fines and Forfeitures	111,673	-
Investment Income	250,887	-
Departmental	205,322	-
Rescue Run Revenue	1,466,911	-
Police & Fire Detail	788,866	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	351,546
Impact Aid	-	-
Medicaid	-	974,097
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	775,757
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	1,949,559
COVID - ESSER	-	720,309
COVID - CRF	-	-
COVID - CDBG	-	-
COVID - FEMA	-	-
COVID - Other	30,206	-
MV Excise Tax Reimbursement	393,779	-
State PILOT Program	-	-
Distressed Community Relief Fund	914,169	-
Library Resource Aid	198,233	-
Library Construction Aid	-	-
Public Service Corporation Tax	404,268	-
Meals & Beverage Tax / Hotel Tax	360,622	-
LEA Aid	-	22,500,951
Group Home	-	-
Housing Aid Capital Projects	78,998	78,998
Housing Aid Bonded Debt	8,745,710	-
State Food Service Revenue	-	13,413
Incentive Aid	-	-
Property Revaluation Reimbursement	148,706	-
Other State Revenue	39,087	67,150
Motor Vehicle Phase Out	4,215,271	-
Other Revenue	667,723	386,287
Local Appropriation for Education	-	32,850,260
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
<b>Total Revenue</b>	<u><u>\$ 90,436,088</u></u>	<u><u>\$ 60,668,326</u></u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	-	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



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

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 1,072,169	\$ 732,153	\$ 9,593	\$ 904,665	\$ 24,324	\$ 593,898	\$ 1,084,822	\$ 466,490	\$ 4,746,401
Compensation - Group B	-	-	-	-	-	-	-	-	433,440
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	9,708	15,846	-	150,319	-	-	42,716	540	210,011
Overtime - Group B	-	-	-	-	-	-	-	-	19,523
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	788,866
Active Medical Insurance - Group A	324,860	171,404	-	368,759	2,212	195,158	604,025	42,587	760,877
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	113,456
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	11,217	6,729	-	14,586	843	5,165	14,896	1,684	35,433
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	4,488
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	80,174	62,206	732	122,023	1,701	43,315	88,451	30,947	467,569
Life Insurance	9,451	5,663	-	12,278	-	-	10,394	1,418	3,779
State Defined Contribution- Group A	10,736	6,395	-	13,954	293	4,827	11,807	1,609	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	4,300
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	-	-	-	-	-	-	-	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	1,442,262
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	59,385	35,372	-	77,185	1,618	26,699	65,307	8,900	-
State Defined Benefit Pension- Group B	-	-	-	-	-	-	-	-	23,786
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	113,733	68,222	-	147,843	-	-	-	17,078	45,466
Purchased Services	287,678	10,062	-	-	40,000	14,914	14,327	10,702	138,668
Materials/Supplies	96,815	79,206	-	18,193	-	168,223	180,634	51,500	97,941
Software Licenses	-	-	-	157,359	-	91,786	-	-	-
Capital Outlays	850,041	-	-	-	-	-	1,988,767	100,686	92,233
Insurance	978,839	-	-	-	-	-	-	-	-
Maintenance	28,326	-	-	258	-	8,435	23,794	43,296	4,028
Vehicle Operations	14,825	-	-	2,581	-	-	182,451	1,752	60,438
Utilities	111,200	-	-	87,734	-	46,373	282,706	197,290	116,500
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	499,071	-	-
Revaluation	-	186,000	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	87,243	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,773,008	-	-
Claims & Settlements	20,391	-	-	-	-	-	-	-	-
Community Support	7,100	-	-	-	-	-	-	-	-
Other Operation Expenditures	101,704	82,427	28	20,623	329	35,896	71,521	4,498	118,797
Tipping Fees	-	-	-	-	-	-	507,684	-	-
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>\$ 4,188,351</b>	<b>\$ 1,461,686</b>	<b>\$ 10,353</b>	<b>\$ 2,098,361</b>	<b>\$ 71,320</b>	<b>\$ 1,234,689</b>	<b>\$ 7,533,625</b>	<b>\$ 980,979</b>	<b>\$ 9,728,262</b>

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

EXPENDITURES	Fire	Centralized	Public Safety	Education	Debt	OPEB	Total	Education
	Department	Dispatch	Other	Appropriation			Municipal	Department
Compensation- Group A	\$ 7,479,234	\$ -	\$ 477,565	\$ -	\$ -	\$ -	\$ 17,591,314	\$ 25,929,958
Compensation - Group B	45,486	-	-	-	-	-	478,927	2,290,155
Compensation - Group C	-	-	-	-	-	-	-	3,677,953
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,715,490	-	17,331	-	-	-	2,161,963	-
Overtime - Group B	-	-	-	-	-	-	19,523	-
Overtime - Group C	-	-	-	-	-	-	-	49,013
Police & Fire Detail	-	-	-	-	-	-	788,866	-
Active Medical Insurance - Group A	1,511,706	-	113,456	-	-	-	4,095,045	3,978,945
Active Medical Insurance- Group B	1,275	-	-	-	-	-	114,731	72,333
Active Medical Insurance- Group C	-	-	-	-	-	-	-	478,592
Active Dental insurance- Group A	61,365	-	4,488	-	-	-	156,406	32,839
Active Dental Insurance- Group B	-	-	-	-	-	-	4,488	2,421
Active Dental Insurance- Group C	-	-	-	-	-	-	-	13,449
Payroll Taxes	583,531	-	47,407	-	-	-	1,528,058	2,391,069
Life Insurance	42,992	-	3,779	-	-	-	89,754	343,646
State Defined Contribution- Group A	-	-	4,002	-	-	-	53,623	151,196
State Defined Contribution - Group B	585	-	-	-	-	-	4,885	12,263
State Defined Contribution - Group C	-	-	-	-	-	-	-	31,919
Other Benefits- Group A	-	-	-	-	-	-	-	283,332
Other Benefits- Group B	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	1,701,728	-	-	-	-	-	3,143,990	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	13,623
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	443,969
State Defined Benefit Pension- Group A	1,669,728	-	22,136	-	-	-	1,966,331	3,655,411
State Defined Benefit Pension - Group B	3,236	-	-	-	-	-	27,023	301,733
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	199,095
Other Defined Benefit / Contribution	5,766	-	45,466	-	-	-	443,575	-
Purchased Services	134,512	-	-	-	-	-	650,863	11,050,122
Materials/Supplies	214,956	-	-	-	-	-	907,467	1,098,797
Software Licenses	-	-	-	-	-	-	249,145	26,871
Capital Outlays	190,193	-	-	-	-	-	3,221,920	264,055
Insurance	-	-	-	-	-	-	978,839	310,873
Maintenance	54,671	-	724	-	-	-	163,532	348,289
Vehicle Operations	121,712	-	4,589	-	-	-	388,348	17,066
Utilities	143,649	-	9,412	-	-	-	994,864	1,117,164
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	499,071	-
Revaluation	-	-	-	-	-	-	186,000	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	87,243	-
Trash Removal & Recycling	-	-	-	-	-	-	1,773,008	-
Claims & Settlements	-	-	-	-	-	-	20,391	-
Community Support	-	-	-	-	-	-	7,100	-
Other Operation Expenditures	17,947	-	3,889	-	-	-	457,659	258,770
Tipping Fees	-	-	-	-	-	-	507,684	-
Local Appropriation for Education	-	-	-	32,850,260	-	-	32,850,260	-
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	-	-	-	-	6,250,000	-	6,250,000	43,000
School Debt- Interest	-	-	-	-	3,515,983	-	3,515,983	808
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	2,642,062	2,642,062	371,962
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 15,699,764</b>	<b>\$ -</b>	<b>\$ 754,244</b>	<b>\$ 32,850,260</b>	<b>\$ 9,765,983</b>	<b>\$ 2,642,062</b>	<b>\$ 89,019,938</b>	<b>\$ 59,260,690</b>

Financing Uses: Transfer to Capital Funds	\$ 2,000	\$ -
Financing Uses: Transfer to Other Funds	25,619	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
<b>Total Other Financing Uses</b>	<b>\$ 27,619</b>	<b>\$ -</b>
<b>Net Change in Fund Balance<sup>1</sup></b>	<b>1,388,531</b>	<b>1,407,635</b>
<b>Fund Balance1- beginning of year</b>	<b>\$14,080,491</b>	<b>\$325,122</b>
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(1)
<b>Fund Balance<sup>1</sup> - beginning of year adjusted</b>	<b>14,080,491</b>	<b>325,121</b>
Rounding	-	-
<b>Fund Balance<sup>1</sup> - end of year</b>	<b>\$ 15,469,022</b>	<b>\$ 1,732,756</b>

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

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

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2019</b>						\$ 14,080,491	-	\$ 14,080,491	
<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>						-	-	-	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2019 adjusted</b>						<u>\$ 14,080,491</u>	<u>-</u>	<u>\$ 14,080,491</u>	
General Fund	\$ 89,243,779	\$ -	\$ 55,047,416	\$ 32,877,879	\$ 1,318,485	\$ 13,935,895	\$ -	\$ 13,935,895	\$ 15,254,380
Fire Equipment Capital Fund	254,739	-	184,693	-	70,046	144,596	-	144,596	214,642
<b>Totals per audited financial statements</b>	<u>\$ 89,498,518</u>	<u>\$ -</u>	<u>\$ 55,232,108</u>	<u>\$ 32,877,879</u>	<u>\$ 1,388,531</u>	<u>\$ 14,080,491</u>	<u>\$ -</u>	<u>\$ 14,080,491</u>	<u>\$ 15,469,022</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 32,850,260	\$ (32,850,260)	\$ -	\$ -	\$ -	\$ -	\$ -
Police Details reflected net in the Financial Statements & gross in MTP2	788,866	-	788,866	-	-	-	-	-	-
State Aid for Revaluation reflected net in the Financial Statements & gross in MTP2	148,704	-	148,704	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<u>\$ 90,436,088</u>	<u>\$ -</u>	<u>\$ 89,019,938</u>	<u>\$ 27,619</u>	<u>\$ 1,388,531</u>	<u>\$ 14,080,491</u>	<u>\$ -</u>	<u>\$ 14,080,491</u>	<u>\$ 15,469,022</u>

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

Town of North Providence  
 Annual Supplemental Transparency Report (MTP2)  
 Combining Schedule of  
 Reportable Government Services with  
 Reconciliation to MTP2  
 Education Department  
 Fiscal Year Ended June 30, 2020

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2019</b>						\$ 325,122	-	\$ 325,122	
<i>misc. adjustments made for fiscal 2020</i>						(1)	-	(1)	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2019 adjusted</b>						<u>\$ 325,121</u>	-	<u>\$ 325,121</u>	
School Unrestricted Fund	\$ 26,833,677	\$ 32,850,260	\$ 58,343,924	\$ -	\$ 1,340,013	\$ 270,561	\$ -	\$ 270,561	\$ 1,610,574
Enterprise Fund	1,041,398	-	992,300	-	49,098	114,991	-	114,991	164,089
SBA School Capital Project Fund	78,998	-	99,928	-	(20,930)	(193,685)	-	(193,685)	(214,615)
School Special Revenue Funds	2,803,824	-	2,811,032	-	(7,208)	187,689	-	187,689	180,481
<b>Totals per audited financial statements</b>	<u>\$ 30,757,897</u>	<u>\$ 32,850,260</u>	<u>\$ 62,247,184</u>	<u>\$ -</u>	<u>\$ 1,360,973</u>	<u>\$ 379,556</u>	<u>\$ -</u>	<u>\$ 379,556</u>	<u>\$ 1,740,529</u>
<b>Reconciliation from financial statements to MTP2</b>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 32,850,260	\$ (32,850,260)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,746,553)	-	(2,746,553)	-	-	-	-	-	-
State contributions on behalf of transportation are reported as revenue and expenditures on financial statements only	(145,220)	-	(145,220)	-	-	-	-	-	-
NP Education Foundation - shown in FS not UCOA	(8,877)	-	(50,346)	-	41,469	(41,451)	-	(41,451)	18
Depreciation expense reported in GAAP basis financial statements but not reported in UCOA	-	-	(5,194)	-	5,194	(12,984)	-	(12,984)	(7,790)
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	(39,181)	-	(39,181)	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Totals Per MTP2</b>	<u>\$ 60,668,326</u>	<u>\$ -</u>	<u>\$ 59,260,690</u>	<u>\$ -</u>	<u>\$ 1,407,635</u>	<u>\$ 325,121</u>	<u>\$ -</u>	<u>\$ 325,121</u>	<u>\$ 1,732,756</u>
<b>Reconciliation from MTP2 to UCOA</b>									
Miscellaneous variance between MTP2 & UCOA	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Totals per UCOA Validated Totals Report</b>	<u>\$ 60,668,324</u>	<u>\$ -</u>	<u>\$ 59,260,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)**  
**FISCAL YEAR ENDED JUNE 30, 2020**

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 Town's budget and accounting system. To report these costs, the Town made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses. For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

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

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

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

# TOWN OF NORTH PROVIDENCE

## SINGLE AUDIT SECTION

This section contains information regarding federal grant activity for the year ended June 30, 2020, which was audited in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

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***Robert J. Civetti, CPA, LLC.***  
*Accounting & Tax Preparation Services*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor  
and Members of the Town Council  
Town of North Providence  
North Providence, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Providence, Rhode Island, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of North Providence, Rhode Island's basic financial statements, and have issued our report thereon dated March 17, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-01 to 2020-03 that were considered to be material weaknesses.

## Compliance and Other Matters

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

## Town of North Providence's Responses to Findings

The Town of North Providence, Rhode Island's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of North Providence, Rhode Island's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Purpose of this Report

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

A handwritten signature in black ink that reads "Robert J. Civetti, CPA, LLC". The signature is written in a cursive style.

Johnston, Rhode Island  
March 17, 2021



***Robert J. Civetti, CPA, LLC.***  
*Accounting & Tax Preparation Services*

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

To the Honorable Mayor  
and Members of the Town Council  
Town of North Providence  
North Providence, Rhode Island

**Report of Compliance for Each Major Federal Program**

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

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

### ***Basis for Qualified Opinion on the School Lunch Cluster***

As described in the accompanying schedule of findings and questioned costs, the Town of North Providence, Rhode Island, did not comply with the requirements of CFDA #10.555 School Lunch Program as described in finding 2020-004 for eligibility. Compliance with such requirements are necessary, in our opinion, for the Town of North Providence, Rhode Island, to comply with the requirements applicable to that program.

### ***Qualified Opinion on the School Lunch Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Town of North Providence, Rhode Island complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the School Lunch Cluster for the year ended June 30, 2020.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Town of North Providence, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

### ***Other Matters***

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

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-005 to be material weaknesses.

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

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

*Robert J. Civetti, CPA, LLC*

Johnston, Rhode Island  
March 17, 2021

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor</b>	Federal CFDA	Pass-Through	Pass-Through to	
<b>Pass-Through Grantor/Program or Cluster Title</b>	<b>Number</b>	<b>Identifying Number</b>	<b>Subrecipients</b>	<b>Expenditures</b>
<b>U.S. Department of Transportation</b>				
<b>Passed through Rhode Island Department of Transportation</b>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	None		\$ 12,781
State and Community Highway Safety	20.600	None		3,142
Safety Belt Performance Grants	20.609	None		1,288
Child Safety and Child Booster Seats Incentive Grants	20.613	None		199
<b>Total U.S. Department of Transportation</b>			<u>\$ -</u>	<u>17,410</u>
<b>U.S. Department of Justice</b>				
Equitable Sharing Program	16.922	None		2,209,222
<b>Passed through Rhode Island Department of Justice</b>				
Enforcing Underage Drinking Laws Program - Byrne Memorial Grant	16.727	None		4,230
Bulletproof Vest Partnership Program	16.607	None		8,040
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>2,221,492</u>
<b>U.S. Department of Homeland Security</b>				
<b>Passed through Rhode Island Emergency Management Agency</b>				
Homeland Security Grant Program	97.067	EMW-2016-SS-00057-501		14,143
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>14,143</u>
<b>U.S. Department of Education</b>				
<b>Passed through Rhode Island Department of Education</b>				
Special Education Grants to States - Project IDEA - Part B	84.027	2725-13202-001		947,611
Special Education Preschool Grants	84.173	2725-13502-001		14,310
<b>Special Education Cluster</b>			<u>-</u>	<u>961,921</u>
Title I Grants to Local Educational Agencies	84.010	2725-11702-001		767,030
Supporting Effective Instruction State Grants - Title II	84.367	2725-16402-001		99,049
English Language Acquisition State Grants - Title III	84.365	2725-16502-001		5,029
Elementary & Secondary School Emergency Relief (ESSER)	84.425D	24-4672-10502-101		720,309
Career and Technical Education - Basic Grants to States	84.048	None		108,996
<b>Total U.S. Department of Education</b>			<u>-</u>	<u>2,662,334</u>
<b>U.S. Department of Treasury</b>				
Treasury forfeiture funds	21.000	None		14,141
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through Rhode Island Office of Housing &amp; Community Development</b>				
Community Development Block Grant	14.228	various	295,934	332,550
<b>U.S. Department of Agriculture</b>				
<b>Passed through Rhode Island Department of Education</b>				
<b>School Lunch Cluster:</b>				
National School Lunch Program	10.555	None		468,949
Summer Food Service Program for Children	10.559	None		129,501
National School Breakfast Program	10.553	None		109,420
<b>Total School Lunch Cluster</b>			<u>-</u>	<u>707,870</u>
Fresh Fruit and Vegetable Program	10.582	None		37,228
Child and Adult Care Food Program	10.558	None		30,659
Commodity Supplemental Food Program	10.565	None		78,183
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>853,940</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 295,934</u>	<u>\$ 6,116,010</u>

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020**

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**1. *Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of the Town of North Providence, Rhode Island under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

This Schedule presents only a selected portion of the activity and operations of the Town of North Providence, Rhode Island. This schedule is not intended to, and does not, present the financial position, changes in fund balance/net position, or cash flows of the Town of North Providence.

**2. *Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or limited as to reimbursement. The Schedule also includes \$78,183 for the value of food commodities. These commodities have not been reported in revenue or expenses of the Business-Type Activities for financial statement purposes.

**3. *Determination of Major Programs***

The determination of major federal awards programs was based upon the overall level of expenditures for all federal programs for the Town of North Providence, Rhode Island. As such, the threshold for determining Type A programs are defined as those with federal program expenditures equal to \$750,000 when the total federal program expenditures are between \$750,000 but less than or equal to \$25 million. For fiscal 2020, type A programs were all programs with federal program expenditures of \$750,000 or more.

**4. *Matching Requirements***

The Town may receive federal grants which contain stipulations that requires the Town to contribute non-federal funds to supplement the federal program or project. The Town monitors these requirements and has complied with all matching provisions for the fiscal year ended June 30, 2020. The schedule of expenditures of federal does not include the expenditures covered by the matching funds.

**5. *Indirect Cost Rate***

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

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

- Material Weakness identified?   X   yes      no
- Significant Deficiency identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

*Federal Awards*

Internal control over major programs:

- Material Weakness identified?   X   yes      no
- Significant Deficiency identified?      yes   X   none reported

Type of auditor's report issued on compliance for major programs: *Qualified Opinion*

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

Identification of major program:

School Lunch Cluster:	
National School Lunch Program .....	CFDA #10.555
Summer Food Service Program for Children.....	CFDA #10.559
National School Breakfast Program .....	CFDA #10.553
Elementary & Secondary School Emergency Relief (ESSER)	CFDA #84.425D
Equitable Sharing Program .....	CFDA #16.922

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

Auditee qualified as low-risk auditee?      yes   X   no

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II. FINANCIAL STATEMENT FINDINGS**

**2020-001: Maintenance and Review of General Ledger**

**Criteria:** Internal controls should be established to ensure that financial records are complete and accurate so that the financial results and financial position of the Funds maintained by the Town of North Providence, Rhode Island (including the North Providence School Department) are fairly presented in accordance with governmental accounting standards.

**Condition:** Our audit of the financial records of the North Providence School Department identified a deficiency in internal controls over the maintenance, review, and reconciliation of the general ledger activity and account balances which we believe could result in the material misstatement of the financial statements related to the Funds administered by the School Department. We noted the following weaknesses related to the maintenance and review of the School Department's general ledger.

- Although the Comptroller is reconciling the interfund activity between the Town and School Department on a monthly basis, the various interfund balances (due to/from accounts) are not reconciled between all funds to ensure that transactions and interfund balances are being properly recorded.
- The School Department processes some transactions utilizing manual checkbooks rather than processing the transaction through the Munis Accounting System. As a result, this activity is not properly recognized in the general ledger accounting records as it occurs. Rather, the transactions were recorded in one batch entry at the end of each month. As a result, the details of the activity could not be specifically identified in the Munis Accounting System. In addition, we noted instances where duplicate transactions were recorded. The transaction was initially recorded through the use of a warrant and then recorded again when the monthly activity was posted. Lastly, this activity is being recorded in the month the transaction is processed by the bank and not necessarily the month when the transaction occurs.
- Although the bank accounts were being reconciled on a monthly basis the reconciliations were not always in agreement with the balances reported in the general ledger accounting records.
- Prior year receivables, payables, and accrued expenses were not properly reversed and as a result current year balances of asset, liabilities, revenue, and expenditures were misstated in the general ledger accounting records of the School Department.

**Cause:** We believe that the deficiency is the result of a lack of formal policies, and procedures requiring a thorough periodic review of the general ledger accounting records and requiring all transaction to be processed through the Munis Accounting System.

**Effect:** The lack of controls over the maintenance and review of the general ledger accounting records could result in the material misstatement of the financial activity and financial position of the School Department which, in turn, could lead to management's inability to effectively manage the financial operations of the department. In addition, the lack of controls over the review and maintenance of the general ledger accounting records increases the risk of intentional or unintentional errors and irregularities from occurring and going undetected by management.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)**

**2020-001: Maintenance and Review of General Ledger (Continued)**

**Recommendation:** We recommend that management along with School Officials establish formal policies and procedures requiring all financial transactions to be processed directly in the Munis Accounting System, and that the School Department be prohibited from using manual checkbooks (with the possible exception of Student Activity Funds) . Processing all financial transactions directly in the Munis Accounting System will increase transparency in financial reporting and reduce the risk of unreported activity. In addition, we recommend that these policies and procedures include reconciliation of account balances to applicable subsidiary records on a periodic basis (at a minimum quarterly but preferably monthly), and that the completion of the procedures be documented and reviewed by personnel independent of the reconciliation process.

**View of Responsible Official and Corrective Action:** See response at the end of the Single Audit Section.

**2020-002: Cutoff Procedures**

**Criteria:** The establishment of policies and procedures related to the proper cutoff of financial reporting transactions helps to ensure that the accounting records and financial statements are complete and accurate. The accuracy and completeness of the accounting records is imperative to allow management to make informed financial decisions.

**Condition:** During our audit we noted a weakness in the School Department's procedures to ensure that all financial transactions are recorded in the proper period. As a result, there is an increase in the risk of material misstatement of accounts payable and accrued liabilities by the School Department at year end. In addition, the School Department did not have procedures in place to ensure that all receivables owed to the Department were properly recorded at year end.

**Cause:** During fiscal 2020, the School Department began utilizing purchase orders and processing vendor invoices through the accounts payable module in Munis. However, School Department personnel do not have adequate training and experience with the Munis Accounting System and as such, personnel have not fully utilized the period 13 accounts payable reporting allowed in the Munis Accounting System. In addition, subsequent activity was not thoroughly analyzed to ensure that all assets and liabilities were presented in the proper period.

**Effect:** Failure to establish proper controls over cutoff increases the risk of material misstatement to the financial position and results of operations in the Government-wide and Fund level financial statements.

**Recommendation:** We recommend that school finance personnel obtain the proper training and that the Director of Finance establish formal policies and procedures for utilizing period 13 within the Munis Accounting System for reporting accounts payables at year end. In addition, we recommend that policies and procedures be developed to ensure that proper controls are in place to review and record transactions in a timely manner to reduce the risk of misstatement of accounts payable, accrued liabilities, and receivables at year end.

**View of Responsible Official and Corrective Action:** See response at the end of the Single Audit Section.

(CONTINUED)

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)**

**2020-003: Compensated Absences**

**Criteria:** Employees of the School Department are eligible for sick and vacation time in accordance with the provision of various collective bargaining agreements or other employment contracts. The provisions of these contracts allow employees to accumulate time and be compensated for that time, in varying amounts, upon retirement.

**Condition:** During our audit testing of the accumulated compensated absence balance at June 30, 2020, we noted errors in the calculation of the accumulated liability. Although this liability does not impact the operating results of the School's Unrestricted Fund or Fund level statements, it does impact the Government-wide Statement of Net Position at June 30, 2020, and Statement of Activities for the year ended June 30, 2020.

**Cause:** We believe that the cause of this deficiency was the lack of review by personnel independent of the maintenance of the compensated absence schedule and calculation of the estimated liability.

**Effect:** Understatement of estimated liability at year end as reported in the Government-wide Financial Statements. In addition, failure to properly monitor and record the amount of compensated absences accumulated by employees may result in employees receiving compensation in excess of the amount they earned and which they are entitled to under the applicable employment contract.

**Recommendation:** We recommend that the Director of Finance, Superintendent, and School Committee review the current process and procedures for maintaining compensated absences and for communicating the available balance of compensated absences to employees. We further recommend that management look into the possibility of utilizing the Munis Payroll module to maintain the compensated absence records since it can be directly interfaced with the payroll system which should help reduce potential errors which currently occur as a result of manual entry and calculation.

**View of Responsible Official and Corrective Action:** See response at the end of the Single Audit Section.

**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2020-004: School Lunch Cluster – CFDA #10.555 and #10.553 - Eligibility**

**Criteria:** The North Providence School Department participates in the school lunch and breakfast program funded by the federal government passed-through the State of Rhode Island Department of Education. One of the compliance requirements related to the school lunch and breakfast program relates to determining the eligibility of students who may qualify for free or reduced lunch. Administrators of school lunch and breakfast programs are required to obtain and maintain documentation to substantiate a student's eligibility to receive free or reduced lunch.

**Condition:** In order to test compliance with the requirements related to eligibility for free or reduced lunch/breakfast we tested seventy participants who were receiving free or reduced meals. The results of that testing identified two instances where the eligibility determination was calculated incorrectly. In one instance the student was receiving reduced lunch and should have been paid, while in the second instance the student was receiving free lunch and should have been reduced. In addition, the school personnel were unable to provide applications or support documentation for three additional students. One of these students was receiving reduced lunch while the other two were receiving free lunch.

**Cause:** The discrepancies appear to be the result of errors made when completing the certification of eligibility applications and inputting the eligibility status into the food service system.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**2020-004: School Lunch Cluster – CFDA #10.555 and #10.553 - Eligibility**

**Effect:** Lack of compliance with the federal requirements governing eligibility and therefore, inaccurate submission for reimbursement of meals served to eligible “free” and “reduced” students.

**Recommendation:** We recommend that management of the School Department develop adequate policies and procedures for maintaining and reviewing eligibility applications. We recommend that the individual responsible for processing the applications sign and date each application when processed. In addition, we recommend that someone independent of the initial eligibility determination periodically review and sign off on applications to ensure compliance with the federal requirements related to eligibility. Lastly, we recommend that procedures be established whereby finance personnel periodically test the accuracy of the eligibility information by comparing a sample of free or reduced status meals served as noted on the served meal reports to the supporting application or EDC approval report.

**View of Responsible Official and Corrective Action:** See response at the end of the Single Audit Section.

**2020-005: School Lunch Cluster – CFDA #10.555 and #10.553**

**Criteria:** Students whose family meet certain income guidelines may qualify for “free” or “reduced” meals. In order to qualify the family must submit applications to the School Department on an annual basis providing information on the family size and household income. Although, families meeting certain requirements may qualify for free lunch if they are included on a direct certification listings provided by the State of Rhode Island. Applications and direct certifications are reviewed by school department personnel and information entered into the computer program to determine eligibility. Annually, the school personnel must complete a verification testing of a limited number of applications as determined by the federal regulations.

**Condition:** The North Providence School Department currently has one employee who is responsible for reviewing and entering the applications to determine a student’s eligibility for free or reduced priced meals. This employee is also responsible for completing the annual verification of applications. The North Providence School Department currently has no policy or procedures in place requiring someone, independent of the approval process, to review and approve the application entry conclusion or verification testing.

**Cause:** Failure to establish adequate controls to ensure compliance with maintenance of documentation to substantiate eligibility for free or reduced priced meals.

**Effect:** The lack of controls results in the increase in risk that intentional or unintentional errors or irregularities may occur and go undetected by management.

**Recommendation:** We recommend that the Director of Finance establish formal policies and procedures for maintaining and reviewing applications submitted by families for free and reduced priced meals. We further recommend that these controls include requirements that someone independent of the initial application determination perform a periodic testing of the applications to ensure completeness and accuracy. In addition, the annual verification requirement completed by the school personnel should be reviewed and approved for compliance by someone independent of the person that completed the verification.

**View of Responsible Official and Corrective Action:** See response at the end of the Single Audit Section.

(CONCLUDED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION IV. PRIOR AUDIT FINDINGS RELATED TO AUDIT OF FINANCIAL STATEMENTS**

**2019-001: Maintenance and Review of General Ledger**

**Criteria:** Internal controls should be established to ensure that financial records are complete and accurate so that the financial results and financial position of the Funds maintained by the Town of North Providence, Rhode Island (including the North Providence School Department) are fairly presented in accordance with governmental accounting standards.

**Condition:** Our audit of the financial records of the North Providence School Department identified a deficiency in internal controls over the maintenance, review, and reconciliation of the general ledger activity and account balances which we believe could result in the material misstatement of the financial statements related to the Funds administered by the School Department. Specifically, we noted the following:

- Cash accounts are not being reconciled on a monthly basis. Also, when they were reconciled they were not compared to the general ledger account balance to ensure agreement.
- Cash reconciliations are not approved by someone independent of the preparation of the reconciliation.
- Interfund activity, specifically amounts due to/from the Town, is not reconciled on a monthly basis to ensure that all activity is being reported in the general ledger accounting records.
- The School Department processes some transactions utilizing manual checkbooks rather than processing the transaction through the Munis Accounting System. As a result, this activity is not properly recognized in the general ledger accounting records as it occurs. Rather, the transactions were recorded in one batch entry at the end of the fiscal year. As a result, the details of the activity could not be specifically identified in the Munis Accounting System.

**Status:** Cash accounts and interfund activity between the School Department and the Town was being reconciled on a monthly basis during fiscal 2020. However, there we believe that there were still some weaknesses in the maintenance and review of the general ledger during fiscal 2020. See current year finding 2020-001.

**2019-002: Separation of Duties Related to Payroll Processing**

**Criteria:** Proper separation of duties is an instrumental component of an effective internal control. Establishing and maintaining adequate separation of duties helps to mitigate the risk of intentional or unintentional misuse or misappropriation of Town assets. As such, no-one individual should have access to all components of a financial reporting process without having adequate controls in place. An entity may maintain either preventative or detective internal controls to help mitigate the risk of intentional or unintentional misuse of assets.

(CONTINUED)

TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION IV. PRIOR AUDIT FINDINGS RELATED TO AUDIT OF FINANCIAL STATEMENTS (CONTINUED)**

**2019-002: Separation of Duties Related to Payroll Processing (Continued)**

**Condition:** The payroll administrator at the School Department currently has access to all components related to payroll. The administrator has the ability to add new employees, change rates of pay, withholding amounts, benefit amounts, and enter direct deposit information. The North Providence School Department had implemented a detective control to help mitigate the risk of intentional or unintentional errors or irregularities related to the processing of payroll. This detective control included a review of the final payroll register by someone independent of the processing of the payroll. This detective control was established by management due to the lack of preventative controls over payroll. During our audit we noted that the School Department was not complying with the control procedures requiring payroll registers to be reviewed by someone independent of the payroll process. However, we did note that in the last quarter of the fiscal year the School's Director of Finance began requiring the payroll administrator to complete an excel analysis of the payroll which the Director of Finance would review for consistency and agreement with the anticipated payroll expenditure.

**Status:** During fiscal 2020 the comptroller was responsible for reviewing and approving all payroll registers once the payroll was processed. This is considered a detective control established by the School Department to mitigate the risk of intentional or unintentional misstatement of compensation paid to School Department personnel.

**2019-003: Cutoff Procedures**

**Criteria:** The establishment of policies and procedures related to the proper cutoff of financial reporting transactions helps to ensure that the accounting records and financial statements are complete and accurate. The accuracy and completeness of the accounting records is imperative to allow management to make informed financial decisions.

**Condition:** During our audit we noted that the School Department does not have adequate policies or procedures in place to ensure that all financial transactions are recorded in the proper period. As a result, there is an increase in the risk of material misstatement of accounts payable and accrued liabilities by the School Department at year end. In addition, the School Department did not have procedures in place to ensure that all receivables owed to the Department were properly recorded at year end. We also noted instances at the Town where Town finance personnel failed to record the liability related to retainage payable on construction contracts at year end. Although the retainage payable on the construction contract has no impact on the Town's General Fund, it does impact the financial position of the Government-wide Statement of Net Position and the Fund level financial statements of major capital project and special revenue funds.

**Status:** See current year finding 2020-002.

**2019-004: Compensated Absences**

**Criteria:** Employees of the School Department are eligible for sick and vacation time in accordance with the provision of various collective bargaining agreements or other employment contracts. The provisions of these contracts allow employees to accumulate time and be compensated for that time, in varying amounts, upon retirement.

(CONTINUED)

**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**2019-004: Compensated Absences (Continued)**

**Criteria:** Employees of the School Department are eligible for sick and vacation time in accordance with the provision of various collective bargaining agreements or other employment contracts. The provisions of these contracts allow employees to accumulate time and be compensated for that time, in varying amounts, upon retirement.

**Condition:** During our audit testing of the accumulated compensated absence balance at June 30, 2019, we noted errors in the calculation of the accumulated liability. In addition, upon further inquiry with School Department personnel we learned that the balance of accumulated time being communicated to employees was incorrect as they rollover of the system from year to year was not completed properly.

**Status:** See current year finding 2020-003.

**2019-005: Student Activity Funds**

**Criteria:** The School Department maintains a policy which requires the principals or others responsible for maintaining student activity accounts to submit invoices over \$500 to the Finance Department for approval prior to the payment being processed

**Condition:** During our audit testing of the financial transactions reported in the Student Activity Funds we noted instances where the custodians of some of these funds were not in compliance with the established policy. The results of our testing also identified a number of instances where documentation could not be provided to substantiate the disbursement transaction, and one instance where the custodian of an account signed a check payable to themselves for reimbursement of an expenditure however, support for the expenditure was not maintained. In addition, we noted that the Finance Department was not properly preparing and/or maintaining reconciliations of these bank accounts and reporting the balances within the general ledger accounting system.

**Status:** During fiscal 2020 finance personnel in the School Department required all principals to submit invoices and documentation prior to processing payments of \$500 or more. Documentation for approval of these invoices is maintained by the principals and also by finance personnel. In addition, the comptroller of the School Department is obtaining the monthly bank statements for the Student Activity Funds and attempting to reconcile all accounts on a monthly basis.

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**TOWN OF NORTH PROVIDENCE, RHODE ISLAND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION V. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2019-006: School Lunch Cluster – CFDA #10.555 and #10.553 - Eligibility**

**Criteria:** The North Providence School Department participates in the school lunch and breakfast program funded by the federal government passed-through the State of Rhode Island Department of Education. One of the compliance requirements related to the school lunch and breakfast program relates to determining the eligibility of students who may qualify for free or reduced lunch. Administrators of school lunch and breakfast programs are required to obtain and maintain documentation to substantiate a student's eligibility to receive free or reduced lunch.

**Condition:** In order to test compliance with the requirements related to eligibility for free or reduced lunch/breakfast we tested seventy-five participants who were receiving free or reduced meals. The results of that testing identified three instances where the eligibility determination did not coincide with the eligibility status being applied to the students accounts. In each of the three discrepancies the students should have had the status of full paid. However, in one instance the student was receiving free lunch while in the other two instances the students were receiving reduced lunch.

**Status:** See current year finding 2020-004.

**2019-007: School Lunch Cluster – CFDA #10.555 and #10.553 – Special Tests and Provisions**

**Criteria:** The North Providence School Department participates in the school lunch and breakfast program funded by the federal government passed-through the State of Rhode Island Department of Education. One of the special tests and provisions of the compliance requirements related to the school lunch and breakfast program requires an annual test of applications submitted for eligibility by families of students who may qualify for free or reduced lunch.

**Condition:** Annually in October the School Department is required to select a sample of eligibility applications (usually from those deemed to be error prone) and contact the family to request documentation to substantiate the information which was provided on the application. The Department is required to select a specific number of applications based on the sample size determined by federal guidelines. The Department must document the selection process, communications provided to the applicant, and results of the testing. Based on the applications tested, the Department must then adjust the eligibility status to reflect the proper determination of "free", "reduced", or "paid," as applicable. School Department personnel were unable to provide documentation to support compliance with this requirement to complete annual testing of applications.

**Status:** The School Department completed this required testing in fiscal 2020, and maintained documentation to support the completion of these error prone items selected for testing. Any changes in eligibility status resulting from this testing were updated in accordance with the program requirements.

(CONTINUED)

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TOWN OF NORTH PROVIDENCE, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION V. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2019-008: School Lunch Cluster – CFDA #10.555 and #10.553**

**Criteria:** Students whose family meet certain income guidelines may qualify for “free” or “reduced” meals. In order to qualify the family must submit applications to the School Department on an annual basis providing information on the family size and household income. Although, families meeting certain requirements may qualify for free lunch if they are included on a direct certification listings provided by the State of Rhode Island. Applications and direct certifications are reviewed by school department personnel and information entered into the computer program to determine eligibility. Annually, the school personnel must complete a verification testing of a limited number of applications as determined by the federal regulations.

**Condition:** The North Providence School Department currently has one employee who is responsible for reviewing and entering the applications to determine a student’s eligibility for free or reduced priced meals. This employee is also responsible for completing the annual verification of applications. The North Providence School Department currently has no policy or procedures in place requiring someone, independent of the approval process, to review and approve the application entry conclusion or verification testing.

**Status:** See current year finding 2020-005.

(CONCLUDED)

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# TOWN OF NORTH PROVIDENCE SCHOOL DEPARTMENT

2240 Mineral Spring Avenue, North Providence, Rhode Island 02911  
(401) 233-1100 - FAX (401) 233-1106 - TDD (800) 745-6575

Joseph B. Goho, *Superintendent*  
Louise K. Seitsinger, M.Ed., *Assistant Superintendent*  
Lisa Casinelli, *Director of Finance*  
Cynthia VanAvery, MA *Director of Special Education*  
Matthew Hicks, *Director of Human Resources*

SCHOOL COMMITTEE  
Frank Pallotta, Ed.D. *Chair*  
Roderick E. DaSilva, *Vice Chair*  
Steven M. Andreozzi, *Clerk*  
Arthur Corsini  
Anthony R. Marciano, Sr., Esq.  
Gina M. Picard, M.Ed.  
Charles Pollock

## MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2020

### **2020-001: Maintenance and Review of General Ledger**

Management of the School Department agrees with the finding regarding lack of controls over the maintenance and review of general ledger accounting records. Management in conjunction with the School Committee will review the auditor's recommendation and determine the cost/benefit of requiring all transactions to be processed through the Munis Accounting System, and eliminate the processing of manual checks. This cost/benefit analysis will also be discussed with Town personnel to determine changes, if any, that would be required within the Munis System. In addition, finance personnel will develop formal policies and procedures requiring reconciliations of all balance sheet accounts, including interfund balances, to be completed on a periodic basis (at a minimum quarterly) and that those reconciliations be reviewed, approved, and maintained by the Finance Director or Comptroller.

### **2020-002: Cutoff Procedures**

Management acknowledges the weakness identified during fiscal 2020 regarding the establishment of adequate cutoff procedures. School finance personnel will continue to improve maintenance of accounts payable through the utilization of purchase orders, and entering invoices into the Munis Payable module as received. Management will seek to obtain training for school personnel so that they have a full understanding and can properly utilize the period 13 within the Munis Accounting System. In addition, cutoff procedures resulting in reporting activity and balances in the proper period will be increased as the Department establishes procedures for maintaining and reviewing general ledger activity on a periodic basis.

### **2020-003: Compensated Absences**

Management of the School Department agrees with the finding regarding the Compensated Absences calculation. The Finance Department will work with Human Resources to come up with procedures to ensure the accuracy of calculating balances of accumulated vacation and sick time. Management will also look into utilizing the Munis system to track these absences.

The North Providence School Department does not discriminate on the basis of age, sex, religion, national origin, color or handicap in accordance with applicable laws and regulations. Individuals with disabilities, who require assistance or special arrangements to participate in a program or activity sponsored by the North Providence School Department, please contact superintendent's office. We request that you provide a 48-hour notice so that the proper arrangements may be made.



**2020-004: School Lunch Cluster – CFDA #10.555 and #10.553 – Eligibility**

Management of the School Department agrees with the finding regarding the failure to establish formal policies and procedures for obtaining, maintain and reviewing eligibility applications. We will put procedures in place to have a second review of the applications by another individual in the Finance Department to ensure the compliance and correct determination. We will also establish procedures to ensure that the served meals reports are reviewed and compared to eligibility information to ensure that the School Department is properly seeking reimbursement for meals served to those individuals that qualify under “free” or “reduced” status.

**2020-005: School Lunch Cluster – CFDA #10.555 and #10.553**

Management of the School Department agrees with the finding of lack of controls in reviewing and determining a student’s eligibility for free or reduced priced meals. Management will determine procedures to ensure the individual who is making the initial determination is not the same individual who is reviewing them periodically for compliance. Written procedures will be completed by June 30, 2021.

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