

TOWN OF SMITHFIELD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009



Dennis G. Finlay
Town Manager

Randy R. Rossi
Finance Director/Treasurer

Prepared by: Finance Department

-----Smithfield, Rhode Island-----

TOWN OF SMITHFIELD, RHODE ISLAND COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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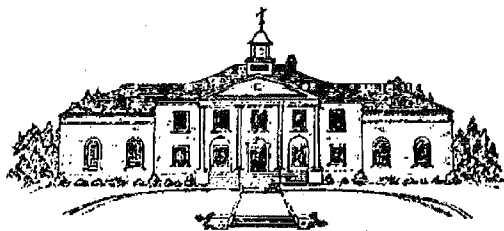
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(concluded)

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials



Town of Smithfield

64 Farnum Pike • Smithfield, Rhode Island 02917
Finance Director & Tax Collector
Randy R. Rossi
(401) 233-1072 • Fax (401) 233-1060

December 1, 2009

To the Honorable Town Manager,
Members of the Town Council, and
Citizens of the Town of Smithfield, Rhode Island:

The Comprehensive Annual Financial Report of the Town of Smithfield, for the fiscal year ended June 30, 2009 is submitted herewith. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial positions, results of operations and cash flows of the Town. All disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Single Audit and Statistical. The Introductory section includes this transmittal letter, the Town's organizational chart and a list of principal officials. The Financial section includes, under the new Governmental Accounting Standards Board Statement No. 34, the Independent Auditors' Report, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and other supplemental information. The Statistical section includes selected financial and demographic information generally presented on a multi year basis.

The Town is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments". Information related to this Single Audit, including the schedule of expenditures of federal awards, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the Single Audit section of this report.

The Town of Smithfield is a Rhode Island municipal corporation which provides the following services to its residents: general administrative services, public safety, public works, parks and recreation, social services and education.

GOVERNMENT PROFILE

The Town of Smithfield was settled in 1636 and later incorporated as a town in 1730. The Town, primarily a residential community, comprises 26.7 square miles of land, 1.1 square miles of water and is situated 11 miles northwest of Providence, the State capital. Smithfield is bounded by the Town of North Smithfield on the north, by the Towns of North Providence and Johnston on the south, by the Town of Lincoln on the east and the Town of Glocester on the west.

GOVERNMENT PROFILE (Continued)

The Town operates under a charter form of government, which provides for a five members Town Council, which is responsible for enacting local legislation; and an appointed Town Manager who executes the laws and the administration of the town government. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government as well as the authorization of the issuance of bonds or notes by ordinance. Members are elected at-large for two (2) year terms.

GENERAL

Except as provided below, under Rhode Island law the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$87,083,852 based on net assessed valuations of \$2,902,795,067 as December 31, 2007. As of June 30, 2009, the Town has no debt outstanding under the 3% debt limit provision; all outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town Electorate.

STATE SCHOOL AID

Pursuant to Rhode Island General Laws Sections 16-7-15 et seq., as amended, the State provides school operations aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized evaluation of property and median family income of a community relative to the state as a whole. The Town's School Department received \$5,206,279 in fiscal year ended June 30, 2009 and budgeted \$5,031,655 for fiscal year ending June 30, 2010.

The State provides construction aid to Rhode Island municipalities for the cost of building new public schools. All buildings constructed since July 1, 1949 are eligible for assistance of a minimum of 30% of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. For the fiscal year ended June 30, 2009, the Town received \$353,668 in such construction aid and the Town budgeted \$320,000 for fiscal year ending June 30, 2010.

In addition to school operations assistance and school construction aid, municipalities in Rhode Island receive additional aid through the State General Revenue Sharing program. The program which has a distribution formula similar to the Federal Revenue Sharing Program, replaces various State grant and aid programs as of July 1, 1987. For the fiscal year ended June 30, 2009 the Town received \$742,742 in aid and did not budget any aid for the fiscal year ending June 30, 2010.

EDUCATION

A five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms directs the general administration of the Smithfield School System. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenues to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2009 was \$31,628,496. The School Department budget for fiscal year ending June 30, 2010 is \$32,437,157. The cost per student is \$12,379 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

The Town has an elementary school (PK-5), a middle school (6-8) and a senior high school (9-12). As of October at the beginning of each school year, the student enrollment in the Smithfield School System for the past eleven years has been and is as follows:

EDUCATION (Continued)

<u>FISCAL YEAR ENDING</u>	<u>ENROLLMENT</u>
1999	2,757
2000	2,735
2001	2,704
2002	2,687
2003	2,703
2004	2,615
2005	2,659
2006	2,625
2007	2,609
2008	2,599
2009	2,555

MUNICIPAL SERVICES

The Town provides major public services, which are detailed as follows:

WASTEWATER FACILITIES

The Town maintains all sewer lines and pumping stations within the Town in accordance with the State of Rhode Island's base plan. The Town sewer system extends to approximately 80% of the Town's residents. It was completed at a cost to the Town of \$11,400,000 which was financed through general obligation bonds, which matured in 1998, exclusive of Federal and/or State grants in aid.

The Wastewater Division operates as an Enterprise Fund, with all operations funded from user fees and assessments. This provides a meaningful measure of the financial position and results of operations of the system, and also provides information necessary for calculation of future rate changes. The distribution of the accounts is as follows:

	<u>Accounts</u>	<u>Units</u>
Residential	4,635	5,316
Commercial	317	2,700
Industrial	24	269
Total	<u>4,976</u>	<u>8,285</u>

User charges are assessed each year in an amount necessary to cover the projected operating expenses and debt service of the Sewer Authority for that year. For the fiscal year ended June 30, 2009 residential users were charged a flat rate of \$275 for the year.

In fiscal year ended June 30, 2003, the Town contracted with the firm, Veolia Water North America to operate the Town's wastewater treatment facility over the next ten years. There are approximately \$7.5 million dollars in capital improvements that were performed at the sewer plant and pumping stations which was financed through a certificate of participation agreement.

SANITATION

Weekly rubbish and garbage collection is provided by the Town through the use of private contractors. For the fiscal year ended June 30, 2009, the Public Works Department expended \$963,888 for these services. For the fiscal year ending June 30, 2010 the approved budget is \$975,000.

PUBLIC WORKS

The Town of Smithfield's Department of Public Works provides a full range of services including street construction and maintenance, snow removal and maintenance of Town facilities. Total expenditures for the fiscal year ended June 30, 2009 totaled \$1,992,401 and budgeted \$2,260,195 for fiscal year ending June 30, 2010.

PUBLIC SAFETY

The Town of Smithfield Public Safety Department provides fire prevention, emergency medical rescue, police patrol, investigations, community education and animal control functions.

The Police Department consists of 41 full-time police officers and approximately 3 auxiliary officers. In addition, there are 12 civilian full-time and 6 civilian part-time employees of support personnel including dispatch and animal control. The Police Department expended \$4,766,078 for fiscal year ended June 30, 2009 and budgeted \$4,682,195 for fiscal year ending June 30, 2010.

The Fire Department has 3 fire stations staffed by 49 full-time fire fighters and support personnel of 5 full-time employees. The Fire Department expended \$4,592,393 for fiscal year ended June 30, 2009 and budgeted \$4,661,320 for fiscal year ending June 30, 2010.

PUBLIC LIBRARIES

The Town operates two public libraries, Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2009 the combined allocation from the Town was \$1,156,009 and budgeted \$1,187,734 for the fiscal year ending June 30, 2010.

EMPLOYEE RELATIONS

The Town of Smithfield currently employs 166 full-time employees exclusive of those employed by the School Department. The School Department employs 230 certified employees and 87 full-time and part-time non-certified employees.

The current status of union contract for municipal and school employees is as follows:

Police Department	3 year contract expires June 30, 2010
Fire Department	3 year contract expires June 30, 2010
Police Civilian Employees	3 year contract expires June 30, 2011
Public Works Employees	3 year contract expires June 30, 2011
Town Hall Employees	3 year contract expires June 30, 2011
Teachers	3 year contract expires August 31, 2011
Custodians	3 year contract expires June 30, 2010
Teacher Para-Professionals & Clerical Employees	3 year contract expires June 30, 2012

FINANCIAL INFORMATION

A detail understanding of the financial position and operating results of the Town is provided in the Comprehensive Annual Financial Report (CAFR). The Management's Discussion and Analysis starting on page 3 of the CAFR provides additional information to assess the Town's financial condition.

INTERNAL CONTROLS

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization, procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance – related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

DEBT ADMINISTRATION

The ratios of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the Town's debt position to municipal management, citizens and investors. This data for the Town at June 30, 2009 is as follows:

	AMOUNT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	DEBT PER CAPITA
Net Bonded Debt	\$9,250,000	0.31%	\$441.04

The Town's bond ratings as of June 30, 2009 are as follows:

- Moody's: Aa3
- S & P: AA-

CASH MANAGEMENT

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with staggered maturity dates, depending on the anticipated cash requirements during the period. All funds are protected by Federal Insurance and full collateralization at each of the Town's banking institutions.

RISK MANAGEMENT

The Town's properties are insured by the Rhode Island Interlocal Risk Management Trust. This agency was established for the primary purpose of providing insurance to local government entities. The following coverage is provided to the Town of Smithfield: worker's compensation, general liability, automobile liability, public buildings and public officials' liability insurance.

INDEPENDENT AUDIT

In accordance with Town's Charter, the Town's independent Certified Public Accountants, Parmelee, Poirier & Associates, LLP have completed an audit of the accounts and financial statements, and their opinion is included herein.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smithfield for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the competent staff of the Department of Finance. I would like to express my appreciation to the Town Controller, my staff and other personnel from various departments who assisted in its preparation. Also, I would like to thank the Town Manager and the Town Council for their interest and support in planning and conducting the financial operation of the Town in a dedicated and responsible manner.

Respectfully Submitted,

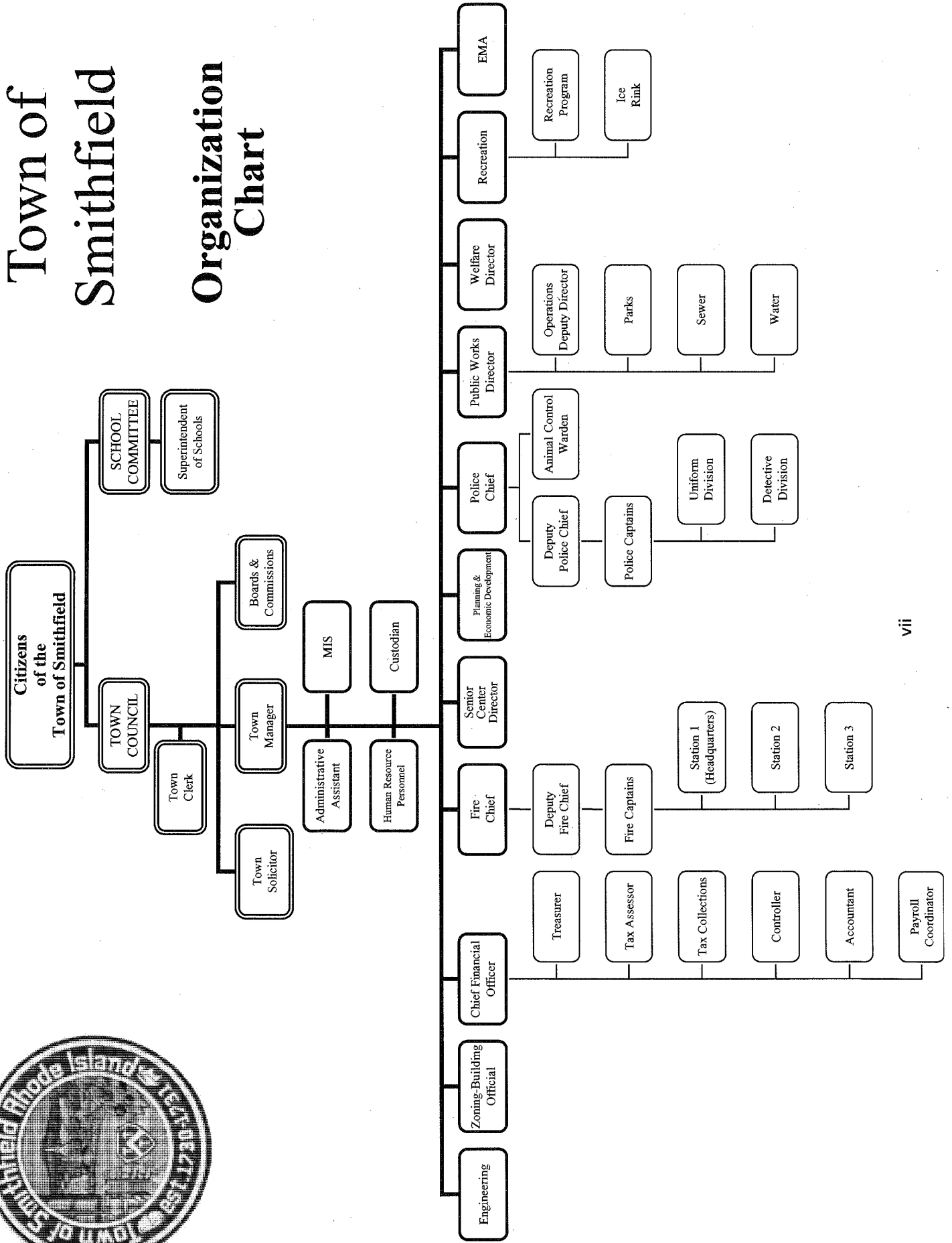


Randy R. Rossi
Finance Director



Town of Smithfield

Organization Chart



TOWN OF SMITHFIELD, RHODE ISLAND

June 30, 2009

TOWN COUNCIL

Ronald F. Manni, President
Michael J. Flynn, Vice-President
Maxine Cavanagh
Stephen R. Archambault
S. Jean Cerroni

TOWN MANAGER

Dennis G. Finlay

DEPARTMENT DIRECTORS

Animal Control Warden	Thomas B. Taylor
Building Official	Peter R. Scorpio
Emergency Management Director	Todd S. Manni
Engineer	Kevin Cleary
Finance Director / Treasurer	Randy R. Rossi
Fire Chief	Joseph P. Mollo III
Human Resources / Personnel	Susan Pilkington
Library Director (East Smithfield)	Elodie E. Blackmore
Library Director (Greenville)	Christopher LaRoux
Planning and Economic Development Director	Michael A. Phillips
Police Chief	William A. McGarry
Public Works Director / Water Superintendent (Acting)	John G. Ratcliffe
Recreation and Ice Rink Manager	Thomas J. Tullie
School Superintendent	Robert O'Brien
Senior Center / Welfare Director	Janet M. Prairie
Tax Assessor	Suzanne P. Kogut
Town Clerk	Dianne L. Ady
Town Solicitor	Edmund L. Alves

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Smithfield
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

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

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 Smithfield, Rhode Island (Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Smithfield, Rhode Island's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 (e) to the basic financial statements, the Town adopted GASB Statement 45 as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2009 on our consideration of the Town of Smithfield, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, and pension information on pages 3 through 11 67 through 68 respectively, are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town. The combining and individual non-major fund statements, budgetary comparison schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Parmelee, Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
December 1, 2009

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Our discussion and analysis of the Town of Smithfield, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's net assets increased \$5,294,755 as a result of this year's current operations. On a government-wide basis the assets of the Town of Smithfield exceeded its liabilities at the close of the most recent fiscal year by \$62,081,224. Net assets of Governmental Activities increased by \$3,658,145 or 11.7%, which included prior period adjustments of \$845,809, while net assets of business activities increased by \$2,482,419 or 10.1%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$66,328,077, a 2.7% increase from the prior year, while revenues collected were \$71,623,501 a 7.5% increase. This increase was mainly due to an increase in our property tax base and grants and contributions in the fiscal year ended June 30, 2009.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,315,141. Over 23.1% of this amount, \$3,997,317 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$3,048,528, or 5.0% of the total general fund expenditures for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$359,766. On a budgetary basis revenues exceeded expenditures and transfers by \$996,895.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements consist of three components:

- Government – wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information. The Town's basic financial statements and other supplementary information provide information about the Town's activities. They provide both a short-term and a long-term view of the Town's financial health 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 - are designed to provide readers with a broad overview of the Town's finances 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 Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net assets changed during the fiscal year. All changes in net assets 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. Examples are uncollected taxes and earned but unused compensated absences.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

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

The government wide financial statements are reported on pages 12 through 13.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds 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 in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Special Revenue Unrestricted Fund and the Log Road Fund, which are considered to be major 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.

Proprietary Funds - The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has seven enterprise funds. The Smithfield Sewer Authority, which accounts for the Town's sewer system; the Water Supply Board, which accounts for the Town's water system; the Smithfield Ice Rink, which houses an ice rink and associated facilities; the School Lunch Program, which accounts for School Lunch operations; the East Smithfield and Greenville Public Libraries, which account for Library operations, and the East Smithfield Neighborhood Center, which accounts for the Neighborhood center rental.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Smithfield Sewer Authority and Smithfield Water Supply Board, since they are considered to be major funds of the Town. The Smithfield Ice Rink, School Lunch Fund, East Smithfield and Greenville Public Libraries, and the East Smithfield Neighborhood Center, which are not major funds, are presented in the non-major proprietary funds combining schedule.

The basic proprietary fund financial statements are presented on pages 17 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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For the Year Ended June 30, 2009
(Un-audited)

The fiduciary fund financial statements can be found on pages 21 and 22.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 61.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 62 through 68.

The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented on pages 69 through 96.

Government-wide Financial Analysis

Analysis of the Town of Smithfield's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Smithfield, governmental activities assets exceeded liabilities by \$62,081,224 as of June 30, 2009. This reflects an increase of \$6,140,564 of which, \$5,294,755 was an increase from this current year's activity and \$845,809 was a restatement of the previous year's net assets.

Listed below is a comparison of the current and prior fiscal years.

TOWN OF SMITHFIELD, RHODE ISLAND
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
ASSETS						
Current and other assets	\$ 25,873,149	\$ 25,042,092	\$ 9,786,900	\$ 8,084,513	\$ 35,660,049	\$ 33,126,605
Capital assets	35,434,336	33,886,251	20,733,798	18,379,220	56,168,134	52,265,471
TOTAL ASSETS	<u>61,307,485</u>	<u>58,928,343</u>	<u>30,520,698</u>	<u>26,463,733</u>	<u>91,828,183</u>	<u>85,392,076</u>
LIABILITIES						
Other liabilities	7,507,640	8,435,475	2,620,996	917,925	10,128,636	9,353,400
Long-term liabilities	18,817,323	19,168,491	801,000	929,525	19,618,323	20,098,016
Total liabilities	<u>26,324,963</u>	<u>27,603,966</u>	<u>3,421,996</u>	<u>1,847,450</u>	<u>29,746,959</u>	<u>29,451,416</u>
NET ASSETS						
Invested in capital assets, net of related deb	22,780,778	19,460,357	19,932,798	17,449,695	42,713,576	36,910,052
Restricted for other purposes	-	6,907,769	-	-	-	6,907,769
Unrestricted	12,201,744	4,956,251	7,165,904	7,166,588	19,367,648	12,122,839
Total net assets	<u>\$ 34,982,522</u>	<u>\$ 31,324,377</u>	<u>\$ 27,098,702</u>	<u>\$ 24,616,283</u>	<u>\$ 62,081,224</u>	<u>\$ 55,940,660</u>

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The largest portion of the Town's net assets \$42,713,576 consists of its 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, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of the Town of Smithfield's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2009. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities increased the Town's net assets by \$2,812,336 for the current period with prior period adjustments accounting for an increase of \$845,809 for a total increase of \$3,658,145, which is an overall increase of 11.7% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$2,482,419, accounting for 10.1% increase in business-type net assets. Overall the Town's net assets increased by \$6,140,564, which is an 11.0% increase over the prior year's net assets.

The net change in fund balance for the fiscal year ended June 30, 2009 was an increase of \$999,870 for the Town's governmental fund types. In the statement of activities, expenditures for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$1,548,754 net of depreciation to the net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements but in the statement of activities this resulted in a increase of \$716,424. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$1,685,000.

Reductions in net assets included an increase in the Town's net pension obligation of \$437,442, and the adoption of GASB 45 which resulted in a decrease in net assets of \$869,132.

The following page presents the Changes in Net Assets for the current year's activity.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

TOWN OF SMITHFIELD, RHODE ISLAND
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	Total
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 2,302,132	\$ 2,143,688	\$ 5,282,406	\$ 5,163,547	\$ 7,584,538	\$ 7,307,235
Operating grants and contributions	9,429,523	11,074,157	3,694,645	361,042	13,124,168	11,435,199
Capital grants and contributions	164,612	-	-	-	164,612	-
General revenues						
Property taxes	49,119,278	45,449,278	-	-	49,119,278	45,449,278
Unrestricted investment earnings	678,890	547,245	178,221	274,237	857,111	821,482
Miscellaneous	773,794	1,638,295	-	-	773,794	1,638,295
Total revenues	<u>62,468,229</u>	<u>60,852,663</u>	<u>9,155,272</u>	<u>5,798,826</u>	<u>71,623,501</u>	<u>66,651,489</u>
Expenses						
General government	4,910,553	3,418,361	-	-	4,910,553	3,418,361
Public safety	9,669,768	9,194,453	-	-	9,669,768	9,194,453
Public works	3,774,761	3,707,364	-	-	3,774,761	3,707,364
Education	33,482,943	32,980,815	-	-	33,482,943	32,980,815
Recreation	45,058	39,070	-	-	45,058	39,070
Public health & assistance	510,567	464,342	-	-	510,567	464,342
Community development	104,629	46,617	-	-	104,629	46,617
Other	6,672,425	7,809,494	6,469,708	6,250,486	13,142,133	14,059,980
Interest on long-term debt	687,665	655,052	-	-	687,665	655,052
Total expenses	<u>59,858,369</u>	<u>58,315,568</u>	<u>6,469,708</u>	<u>6,250,486</u>	<u>66,328,077</u>	<u>64,566,054</u>
Increase in net assets	2,609,860	2,537,095	2,685,564	(451,660)	5,295,424	2,085,435
Transfers	203,145	30,065	(203,145)	(30,065)	-	-
Gain on disposal of capital assets	(669)	1,302	-	-	(669)	1,302
Increase (Decrease) in Net Assets	<u>2,812,336</u>	<u>2,568,462</u>	<u>2,482,419</u>	<u>(481,725)</u>	<u>5,294,755</u>	<u>2,086,737</u>
Net Assets - beginning	<u>31,324,377</u>	<u>29,564,833</u>	<u>24,616,283</u>	<u>25,098,008</u>	<u>55,940,660</u>	<u>54,662,841</u>
Prior period adjustment see Note 23	<u>845,809</u>	<u>(808,918)</u>	<u>-</u>	<u>-</u>	<u>845,809</u>	<u>(808,918)</u>
Net Assets - beginning (restated)	<u>32,170,186</u>	<u>28,755,915</u>	<u>24,616,283</u>	<u>25,098,008</u>	<u>56,786,469</u>	<u>53,853,923</u>
Net Assets - ending	<u>\$ 34,982,522</u>	<u>\$ 31,324,377</u>	<u>\$ 27,098,702</u>	<u>\$ 24,616,283</u>	<u>\$ 62,081,224</u>	<u>\$ 55,940,660</u>

Financial Analysis of the Town of Smithfield's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$17,315,141. Approximately 23.1% of the total amount, or \$3,997,317 constituted unreserved fund balances. The remainder of the fund balance is reserved because of future commitments.

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Reserved and designated fund balances:

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Log Road</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Reserved for:					
Town held tax liens	\$ 102,046	\$ -	\$ -	\$ -	\$ 102,046
Capital expenditures	2,811,662	-	-	-	2,811,662
Subsequent year's expenditures (RUBS)	2,805,243	-	-	-	2,805,243
Subsequent year's budgeted expenditures	992,000	685,276	-	-	1,677,276
Perpetual care	-	-	-	63,259	63,259
Unreserved: designated for:					
Supplement future tax assessments	4,000,000	-	-	-	4,000,000
Capital reserve	106,868	-	-	-	106,868
Land trust	53,434	-	-	-	53,434
Subsequent year's expenditures	100,000	-	-	-	100,000
Capital outlay	250,000	380,931	-	-	630,931
NRIC	-	224,500	-	-	224,500
Restricted state aid	-	2,834	-	-	2,834
Unreserved, reported in					
General fund	3,048,528	-	-	-	3,048,528
Special revenue funds	-	948,789	-	5,509,562	6,458,351
Capital projects fund	-	-	(2,446,791)	(2,323,000)	(4,769,791)
Total fund balances	<u>\$ 14,269,781</u>	<u>\$ 2,242,330</u>	<u>\$ (2,446,791)</u>	<u>\$ 3,249,821</u>	<u>\$ 17,315,141</u>

Proprietary Funds - The Town of Smithfield's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective proprietary funds are \$7,165,904.

General Fund Budgetary Highlights

For the year ended June 30, 2009, the General Fund revenues exceeded budget projections by \$586,079, or 0.9%. General Fund expenditures were under budget by \$410,816, or 0.7%. This resulted in a \$996,895 budgetary surplus in the General Fund for the year ended June 30, 2009.

Revenues:

Real Estate, Tangible and Auto Taxes – were over budget by \$672,057 due to a favorable collection percentage.

Intergovernmental Revenues – were under budget by \$609,199 due to reduced funding by the state during the operating year after the Town's budget was finalized.

Interest Income – was over budget by \$131,914 due to increased delinquent tax pursuit

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Departmental revenues – were over budget by \$451,997 due to a revised method of revenue reporting.

Expenditures:

Public Safety – was over budget by \$184,229 due to numerous retirements from within the department.

Public Works - was under budget by \$233,362 due to reduced fuel costs.

Town Other - was under budget by \$908,796 as a result of negotiations with health plans creating savings in administrative costs and prescription services.

The Town of Smithfield's Capital Assets

The Town of Smithfield's investment in capital assets for its governmental and business-type activities amounts to \$56,168,134 net of accumulated depreciation at June 30, 2009. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

Additional information on the Town of Smithfield's capital assets is located in "Note 5" of the notes to the financial statements on pages 36 and 37.

TOWN OF SMITHFIELD, RHODE ISLAND
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total 2009	Total 2008
	2009	2008	2009	2008		
Land	\$ 8,959,839	\$ 8,516,490	\$ 393,170	\$ 393,170	\$ 9,353,009	\$ 8,909,660
Construction in progress	693,084	11,381	17,929	17,929	711,013	29,310
Land improvements	-	-	21,449	50,101	21,449	50,101
Issuance costs	-	-	45,026	-	45,026	-
Plant and buildings	13,561,471	14,155,273	3,785,844	4,093,121	17,347,315	18,248,394
Pumping station and equipment	-	-	7,649,226	7,334,218	7,649,226	7,334,218
Street mains and manholes	-	-	6,303,281	3,893,685	6,303,281	3,893,685
Motor vehicles	981,549	918,435	175,870	-	1,157,419	918,435
Furniture and equipment	898,178	867,389	69,494	261,256	967,672	1,128,645
Transmission lines and hydrants	-	-	2,272,509	2,335,740	2,272,509	2,335,740
Infrastructure	10,340,215	9,417,283	-	-	10,340,215	9,417,283
Total	\$ 35,434,336	\$ 33,886,251	\$ 20,733,798	\$ 18,379,220	\$ 56,168,134	\$ 52,265,471

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

The Town of Smithfield's Debt Administration

At the end of the current fiscal year, the Town of Smithfield's Governmental Activities had a total bonded debt of \$9,250,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

TOWN OF SMITHFIELD, RHODE ISLAND
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total 2009	Total 2008
	2009	2008	2009	2008		
Bonds payable	\$ 9,250,000	\$ 10,210,000	\$ -	\$ -	\$ 9,250,000	\$ 10,210,000
Lease participation certificates	3,175,000	3,900,000	-	-	3,175,000	3,900,000
Notes payable	-	-	801,000	929,525	801,000	929,525
Total	<u>\$ 12,425,000</u>	<u>\$ 14,110,000</u>	<u>\$ 801,000</u>	<u>\$ 929,525</u>	<u>\$ 13,226,000</u>	<u>\$ 15,039,525</u>

Additional information on the Town's long-term debt can be found in Note 6 of the Notes to the Financial Statements on pages 38 through 41 and on pages 98 through 100.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2009 is Aa3 and AA- by S&P. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Smithfield's limit is \$87,083,852 at year-end. The Town's outstanding general obligation debt is \$9,250,000 at year-end, which is \$77,833,852 under the State imposed limitation.

Economic Factors and Next Year's Budgets and Rates

Smithfield is known as the Apple Valley for orchards. In the 20th century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 71.87% of the tax base while commercial and industrial account for 21.81% of the tax base.

EMPLOYMENT

Since Smithfield is easily accessed via Interstate 295 and U.S. Route 44 and is strategically located 50 minutes from Boston and 10 minutes from Providence most employment opportunities extend outside the Town. The principle employers are the Fidelity Investments, Town of Smithfield and Bryant University.

HOUSING

At the end of September 2009 the median sale price for single family homes in Smithfield was \$227,500 and the median price of all sales was \$214,500.

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POPULATION

In 2000 Smithfield was ranked 18th in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of Census, Smithfield experienced a moderate increase in population from 1970 through 2000.

Population in the Town from 1950 to 2000 was as follows:

<u>Years</u>	<u>Population</u>
1950	6,690
1960	9,442
1970	13,468
1980	16,886
1990	19,163
2000	20,613

Source: U.S. Bureau of the Census, 1950-2000

The Town of Smithfield's total general fund budget for fiscal year 2010 amounts to \$60,970,586 which reflects an increase of \$136,751 or .22% over the fiscal 2009 budget of \$60,833,835. Of the Town's 2010 budget, \$32,437,157, or 53% is budgeted for education expenditures.

The state of Rhode Island is budgeted to contribute \$5,031,655 to the Town's education department based on State Aid.

The Town's tax rate for fiscal 2010 is \$13.98 per \$1,000 of assessed value with 47% allocated for general government and 53% allocated for education. For fiscal 2009 the Town's tax rate was \$13.68 per \$1,000 of assessed value with 48% allocated for general government and 52% allocated for education.

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Town of Smithfield, 64 Farnum Pike, Smithfield RI 02917.



Randy R. Rossi
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,721,688	\$ 8,395,547	\$ 29,117,235
Investments	-	159,344	159,344
Accounts receivable:			
Taxes - net	4,247,729	-	4,247,729
Water and sewer assessments and user fees - net	-	1,100,276	1,100,276
Other receivables	52,596	8,593	61,189
Due from other governments	623,191	22,156	645,347
Town held tax liens	102,045	-	102,045
Inventory at cost	-	26,865	26,865
Prepaid Items	125,900	68,119	194,019
Other Assets - net	-	6,000	6,000
Capital assets:			
Property, plant and equipment - net	34,741,252	20,733,798	55,475,050
Construction in progress	693,084	-	693,084
Total capital assets	<u>35,434,336</u>	<u>20,733,798</u>	<u>56,168,134</u>
TOTAL ASSETS	<u>61,307,485</u>	<u>30,520,698</u>	<u>91,828,183</u>
LIABILITIES			
Accounts payable and accrued expenses	2,426,702	266,690	2,693,392
Unearned revenue	133,085	788,989	922,074
Bond anticipation note	2,635,000	-	2,635,000
Internal balances	(1,565,317)	1,565,317	-
Other liabilities	3,878,170	-	3,878,170
Long-term liabilities			
Due within one year	1,630,960	50,000	1,680,960
Due in more than one year	17,186,363	751,000	17,937,363
Total liabilities	<u>26,324,963</u>	<u>3,421,996</u>	<u>29,746,959</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,780,778	19,932,798	42,713,576
Unrestricted	12,201,744	7,165,904	19,367,648
Total net assets	<u>\$ 34,982,522</u>	<u>\$ 27,098,702</u>	<u>\$ 62,081,224</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2009

Functions/ Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Business-type Activities
Expenses					Total
Primary government					
Governmental activities:					
General government	\$ 4,910,553	\$ 744,055	\$ -	\$ (3,156,078)	\$ (3,156,078)
Public safety	9,669,768	183,051	164,612	(8,184,105)	(8,184,105)
Public works	3,774,761	11,762	-	(3,647,365)	(3,647,365)
Education	33,482,943	8,390,163	-	(25,092,780)	(25,092,780)
Public health and assistance	45,058	-	-	(42,113)	(42,113)
Parks and recreation	510,567	-	-	(482,508)	(482,508)
Community development	104,629	100,492	-	(4,137)	(4,137)
Employee benefits and operating grants	6,672,425	-	-	(6,665,351)	(6,665,351)
Interest on long-term debt and other cost	687,665	-	-	(687,665)	(687,665)
Total governmental activities	59,858,369	9,429,523	164,612	(47,962,102)	(47,962,102)
Business type activities:					
Sewer Authority	2,454,077	-	-	-	139,972
Water Supply Board	1,037,189	-	-	-	166,743
Non-Major Funds	2,978,442	3,694,645	-	-	2,200,628
Total business-type activities	6,469,708	3,694,645	-	-	2,507,343
Total primary government	\$ 66,328,077	\$ 13,124,168	\$ 164,612	(47,962,102)	(45,454,759)
General revenues:					
Property taxes				49,119,278	49,119,278
State revenue sharing				742,742	742,742
Unrestricted investment earnings				678,890	857,111
Other revenues				31,052	31,052
Gain (loss) on sale of assets				(669)	(669)
Transfers				-	-
Total general revenues				203,145	50,749,514
Change in net assets				(24,924)	5,294,755
Net assets - beginning				2,482,419	55,940,660
Prior period adjustment (Note 22)				24,616,283	845,809
Net assets - beginning (restated)				-	56,786,469
Net assets - ending				\$ 34,982,522	\$ 62,081,224

See auditor's report and accompanying notes to these financial statements

Fund Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND

Balance Sheet

Governmental Funds

June 30, 2009

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Log Road</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 12,059,592	\$ 1,228,458	\$ -	\$ 7,433,638	\$ 20,721,688
Accounts receivable:					
Taxes, net	4,247,729	-	-	-	4,247,729
Other	30,683	17,023	-	4,890	52,596
Town held tax liens	102,045	-	-	-	102,045
Due from other governments	192,954	-	-	430,237	623,191
Prepays	125,900	-	-	-	125,900
Internal balances	6,971,674	1,965,089	188,209	2,026,632	11,151,604
TOTAL ASSETS	<u>\$ 23,730,577</u>	<u>\$ 3,210,570</u>	<u>\$ 188,209</u>	<u>\$ 9,895,397</u>	<u>\$ 37,024,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 190,357	\$ 856,247	\$ -	\$ 820,256	\$ 1,866,860
Accrued payroll and benefits	448,287	-	-	-	448,287
Due to other governments	12,973	-	-	-	12,973
Internal balances	7,302,379	55,427	-	5,618,244	12,976,050
Deferred revenues	1,262,809	56,566	-	76,519	1,395,894
Bond anticipation note payable	-	-	2,635,000	-	2,635,000
Other liabilities	243,991	-	-	130,557	374,548
Total liabilities	<u>9,460,796</u>	<u>968,240</u>	<u>2,635,000</u>	<u>6,645,576</u>	<u>19,709,612</u>
Fund balances:					
Reserved for:					
Town held tax liens	102,046	-	-	-	102,046
Capital expenditures	2,811,662	-	-	-	2,811,662
Subsequent year's expenditures (RUBS)	2,805,243	-	-	-	2,805,243
Subsequent year's budgeted expenditures	992,000	685,276	-	-	1,677,276
Perpetual care	-	-	-	63,259	63,259
Unreserved: designated for:					
Supplement future tax assessments	4,000,000	-	-	-	4,000,000
Capital reserve	106,868	-	-	-	106,868
Land trust	53,434	-	-	-	53,434
Subsequent year's expenditures	100,000	-	-	-	100,000
Capital outlay	250,000	380,931	-	-	630,931
NRIC	-	224,500	-	-	224,500
Restricted state aid	-	2,834	-	-	2,834
Unreserved, reported in					
General fund	3,048,528	-	-	-	3,048,528
Special revenue funds	-	948,789	-	5,509,562	6,458,351
Capital projects fund	-	-	(2,446,791)	(2,323,000)	(4,769,791)
Total fund balances	<u>14,269,781</u>	<u>2,242,330</u>	<u>(2,446,791)</u>	<u>3,249,821</u>	<u>17,315,141</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,730,577</u>	<u>\$ 3,210,570</u>	<u>\$ 188,209</u>	<u>\$ 9,895,397</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 10)	35,434,336
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10)	1,050,368
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10)	(18,817,323)
Net assets of governmental activities	<u>\$ 34,982,522</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues					
General property tax	\$ 48,402,854	\$ -	\$ -	\$ -	\$ 48,402,854
Intergovernmental	1,801,580	-	-	1,275,079	3,076,659
State aid for education	4,832,845	-	-	-	4,832,845
Federal revenue - SFSF	373,470	-	-	-	373,470
License, fees and permits	714,910	-	-	-	714,910
Investment income	601,914	-	-	76,976	678,890
Departmental	967,497	-	-	-	967,497
Other revenues	-	1,656,426	-	1,017,202	2,673,628
Total revenues	<u>57,695,070</u>	<u>1,656,426</u>	<u>-</u>	<u>2,369,257</u>	<u>61,720,753</u>
Expenditures					
General government	2,889,754	-	-	96,673	2,986,427
Public safety	9,365,510	-	-	280,902	9,646,412
Public works	2,956,289	-	-	14,626	2,970,915
Education	-	32,558,476	-	1,017,918	33,576,394
Public health and assistance	45,058	-	-	-	45,058
Parks and recreation	466,165	-	-	-	466,165
Community development	-	-	-	104,629	104,629
Employee benefits and operating grants	6,736,425	-	-	-	6,736,425
Debt service:					
Principal	1,685,000	-	-	-	1,685,000
Interest and other cost	699,211	-	-	-	699,211
Capital:					
Capital outlay	-	-	-	2,853,201	2,853,201
Total expenditures	<u>24,843,412</u>	<u>32,558,476</u>	<u>-</u>	<u>4,367,949</u>	<u>61,769,837</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>32,851,658</u>	<u>(30,902,050)</u>	<u>-</u>	<u>(1,998,692)</u>	<u>(49,084)</u>
Other financing sources (uses)					
Transfers from other funds	2,654,844	-	-	2,351,837	5,006,681
Transfers from General Fund - local appropriation	-	26,422,217	-	-	26,422,217
Transfers from General Fund - state aid	-	4,832,809	-	-	4,832,809
Transfers from General Fund - federal SFSF	-	373,470	-	-	373,470
Transfers out School Unrestricted Fund - appropriation	(26,422,217)	-	-	-	(26,422,217)
Transfers out School Unrestricted Fund - State-aid for education	(4,832,809)	-	-	-	(4,832,809)
Transfers out School Unrestricted Fund - federal SFSF	(373,470)	-	-	-	(373,470)
Transfers to other funds	(3,518,240)	-	-	(1,285,296)	(4,803,536)
Total other financing sources (uses)	<u>(32,491,892)</u>	<u>31,628,496</u>	<u>-</u>	<u>1,066,541</u>	<u>203,145</u>
Excess of revenues and other sources over(under) expenditures and other uses	<u>359,766</u>	<u>726,446</u>	<u>-</u>	<u>(932,151)</u>	<u>154,061</u>
Fund balances - beginning	<u>13,910,015</u>	<u>1,515,884</u>	<u>(2,446,791)</u>	<u>3,336,163</u>	<u>16,315,271</u>
Prior Period Adjustment (Note 22)	-	-	-	845,809	845,809
Fund balances - beginning (restated)	<u>13,910,015</u>	<u>1,515,884</u>	<u>(2,446,791)</u>	<u>4,181,972</u>	<u>17,161,080</u>
Fund balances - ending	<u>\$ 14,269,781</u>	<u>\$ 2,242,330</u>	<u>\$ (2,446,791)</u>	<u>\$ 3,249,821</u>	<u>\$ 17,315,141</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net change in fund balances-total governmental funds		\$ 154,061
<p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>		
<p>Governmental funds reported 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 of \$2,853,201 and other capitalized expenses of \$841,254 exceed depreciation (\$2,148,685) and adjustments of \$2,984 in the current period.</p>		1,548,754
<p>Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities.</p>		716,424
<p>Amortization of bond premiums in the current period do not represent current financial resources, however they are recognized as revenues in the statement of activities</p>		42,598
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.</p>		
Loss on disposal of capital assets	(669)	
Principal payments made on long-term debt	1,685,000	
Decrease in capital leases	87,336	
Net increase in compensated absences	(114,594)	
Net increase in the other post employment benefit obligation	(869,132)	
Net increase in the net pension obligation	<u>(437,442)</u>	<u>350,499</u>
Change in net assets of governmental activities		<u>\$ 2,812,336</u>

Please see Note 11 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2009

Enterprise Funds

	<u>Sewer Authority</u>	<u>Water Supply Board</u>	<u>Non-Major Funds</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,102,985	\$ 1,009,994	\$ 1,282,568	\$ 8,395,547
Investments	-	-	159,344	159,344
Water and sewer assessments and user fees - net	254,073	71,418	70,782	396,273
Other receivables-net	8,593	-	-	8,593
Prepaid expenses	68,119	-	-	68,119
Due from other governments	-	-	22,156	22,156
Inventory	-	26,865	-	26,865
Total current assets	<u>6,433,770</u>	<u>1,108,277</u>	<u>1,534,850</u>	<u>9,076,897</u>
Non-current assets				
Sewer assessment fees	704,003	-	-	704,003
Asset restricted to investment in building	-	-	6,000	6,000
Net capital assets	15,559,878	2,541,546	2,632,374	20,733,798
Total non-current assets	<u>16,263,881</u>	<u>2,541,546</u>	<u>2,638,374</u>	<u>21,443,801</u>
TOTAL ASSETS	<u>22,697,651</u>	<u>3,649,823</u>	<u>4,173,224</u>	<u>30,520,698</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	13,153	50,028	151,888	215,069
Deferred revenues	780,780	-	8,209	788,989
Internal balances	1,206,165	303,584	55,568	1,565,317
Current portion of bonds and notes payable	50,000	-	-	50,000
Total current liabilities	<u>2,050,098</u>	<u>353,612</u>	<u>215,665</u>	<u>2,619,375</u>
Non-current liabilities				
Compensated absences payable	-	11,142	40,479	51,621
Bonds and notes payable long term portion	751,000	-	-	751,000
Total non-current liabilities	<u>751,000</u>	<u>11,142</u>	<u>40,479</u>	<u>802,621</u>
Total liabilities	<u>2,801,098</u>	<u>364,754</u>	<u>256,144</u>	<u>3,421,996</u>
Net Assets				
Invested in Capital assets, net of related debt	14,758,878	2,541,546	2,632,374	19,932,798
Unrestricted	5,137,675	743,523	1,284,706	7,165,904
Total Net Assets	<u>\$ 19,896,553</u>	<u>\$ 3,285,069</u>	<u>\$ 3,917,080</u>	<u>\$ 27,098,702</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Operating revenues				
User fees and service	\$ 2,508,027	\$ 1,116,429	\$ 756,313	\$ 4,380,769
Food sales	-	-	538,126	538,126
Other revenues	86,022	87,503	189,986	363,511
Total operating revenues	<u>2,594,049</u>	<u>1,203,932</u>	<u>1,484,425</u>	<u>5,282,406</u>
Operating expenses				
Salaries and benefits	75,862	219,712	1,305,860	1,601,434
Operations	1,346,669	743,265	1,440,614	3,530,548
Depreciation and amortization	1,031,546	74,212	231,050	1,336,808
Total operating expenses	<u>2,454,077</u>	<u>1,037,189</u>	<u>2,977,524</u>	<u>6,468,790</u>
Operating income (loss)	<u>139,972</u>	<u>166,743</u>	<u>(1,493,099)</u>	<u>(1,186,384)</u>
Non-operating revenues (expenses)				
Contribution revenue	3,322,105	-	372,540	3,694,645
Interest income	157,507	8,726	11,988	178,221
Interest expense	-	-	(918)	(918)
Total non-operating (expenses)	<u>3,479,612</u>	<u>8,726</u>	<u>383,610</u>	<u>3,871,948</u>
Transfers				
Operating transfers in (out)	(1,176,500)	(202,494)	1,175,849	(203,145)
Total transfers	<u>(1,176,500)</u>	<u>(202,494)</u>	<u>1,175,849</u>	<u>(203,145)</u>
Change in Net Assets	<u>2,443,084</u>	<u>(27,025)</u>	<u>66,360</u>	<u>2,482,419</u>
Total Net Assets - Beginning	17,453,469	3,312,094	3,850,720	24,616,283
Total Net Assets - Ending	<u>\$ 19,896,553</u>	<u>\$ 3,285,069</u>	<u>\$ 3,917,080</u>	<u>\$ 27,098,702</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,881,575	\$ 1,238,525	\$ 1,463,677	\$ 5,583,777
Cash received from providing services	-	87,503	27,919	115,422
Cash payments to suppliers for goods and services	(1,542,897)	(768,816)	(1,448,590)	(3,760,303)
Cash payments to employees for services	(75,862)	(218,699)	(1,300,600)	(1,595,161)
Net cash provided by (used for) operating activities	<u>1,262,816</u>	<u>338,513</u>	<u>(1,257,594)</u>	<u>343,735</u>
Cash flows from non-capital financing activities				
Operating transfers from other funds	(1,176,500)	(202,494)	1,175,849	(203,145)
Nonoperating grants received	3,322,105	-	372,540	372,540
Contribution revenue received	1,178,823	192,732	(2,798)	1,368,757
Interfund loans	3,324,428	(9,762)	1,545,591	1,538,152
Net cash provided by non-capital financing activities	<u>(49,000)</u>	<u>(42,651)</u>	<u>(79,525)</u>	<u>(128,525)</u>
Cash flows from capital and related financing activities				
Principal paid on bonds & notes	(3,542,097)	(42,651)	(123,715)	(3,708,463)
Additions to capital assets	-	-	17,077	17,077
Gain on disposition of capital assets	-	-	(918)	(918)
Interest paid on long term debt	-	-	-	-
Proceeds received from bonds/notes	(3,591,097)	(42,651)	(187,081)	(3,820,829)
Net cash (used for) capital and related financing activities	<u>157,507</u>	<u>8,726</u>	<u>11,988</u>	<u>178,221</u>
Cash flows from investing activities				
Interest income	-	-	89,802	89,802
Net purchases of investments	157,507	8,726	101,790	268,023
Net cash provided by investing activities	<u>1,153,654</u>	<u>294,826</u>	<u>202,706</u>	<u>1,651,186</u>
Net increase (decrease) in cash and cash equivalents	<u>4,949,331</u>	<u>715,168</u>	<u>1,079,862</u>	<u>6,744,361</u>
Cash and cash equivalents at beginning of year	<u>\$ 6,102,985</u>	<u>\$ 1,009,994</u>	<u>\$ 1,282,568</u>	<u>\$ 8,395,547</u>
Cash and cash equivalents at end of year				

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2009
(continued)

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income (Loss)	\$ 139,972	\$ 166,743	\$ (1,493,099)	\$ (1,186,384)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,031,546	74,212	231,050	1,336,808
Changes in assets and liabilities:				
(Increase) decrease in inventory	-	(2,500)	-	(2,500)
(Increase) decrease in accounts receivable	(292,561)	122,096	2,796	(167,669)
(Increase) decrease in prepaid expenses	30,166	-	(1,000)	29,166
Increase (decrease) in accounts payable	(226,394)	(23,051)	(4,888)	(254,333)
Increase (decrease) in accrued expense	-	-	5,260	5,260
Increase (decrease) in compensated absences	-	1,013	-	1,013
Increase (decrease) in deferred revenue	580,087	-	2,287	582,374
Total adjustments	<u>1,122,844</u>	<u>171,770</u>	<u>235,505</u>	<u>1,530,119</u>
Net cash provided by operating activities	<u>\$ 1,262,816</u>	<u>\$ 338,513</u>	<u>\$ (1,257,594)</u>	<u>\$ 343,735</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Employee Retirements Funds</u>			<u>Agency Funds</u>
	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 659,579
Internal balances	3,289,175	100,588	3,389,763	-
Investments, at fair value:				
Cash management investment funds	1,784,357	1,141,324	2,925,681	-
Indexed stock fund	902,540	4,473,789	5,376,329	-
Diversified stock fund	855,422	4,078,207	4,933,629	-
Total investments	<u>3,542,319</u>	<u>9,693,320</u>	<u>13,235,639</u>	<u>-</u>
Total Assets	<u>6,831,494</u>	<u>9,793,908</u>	<u>16,625,402</u>	<u>659,579</u>
LIABILITIES				
Deposits held in custody for others	-	-	-	659,579
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,579</u>
NET ASSETS				
Held in trust for pension benefits and other purposes	<u>\$ 6,831,494</u>	<u>\$ 9,793,908</u>	<u>\$ 16,625,402</u>	<u>\$ -</u>

See auditor's report and accompanying notes to these financial statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Police Pension Trust	Fire Pension Trust	Total
Additions			
Contributions			
Employee	-	212,611	\$ 212,611
Employer	1,048,000	550,611	1,598,611
Total contributions	<u>1,048,000</u>	<u>763,222</u>	<u>1,811,222</u>
	\$	\$	\$
Investment earnings			
Net increase (decrease) in fair value of investments	(656,105)	(3,196,671)	(3,852,776)
Interest and dividends	225,317	81,038	306,355
Total investment earnings	<u>(430,788)</u>	<u>(3,115,633)</u>	<u>(3,546,421)</u>
Total additions	<u>617,212</u>	<u>(2,352,411)</u>	<u>(1,735,199)</u>
Deductions			
Benefits paid	1,539,998	743,351	2,283,349
Operating expenses	83,554	33,609	117,163
Total deductions	<u>1,623,552</u>	<u>776,960</u>	<u>2,400,512</u>
Change in net assets	(1,006,340)	(3,129,371)	(4,135,711)
Net assets - beginning of year	7,837,834	12,923,279	20,761,113
Net assets - end of year	<u>\$ 6,831,494</u>	<u>\$ 9,793,908</u>	<u>\$ 16,625,402</u>

See auditor's report and accompanying notes to these financial statements

Notes to Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. REPORTING ENTITY

In accordance with the requirements of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying basic financial statements present the Town of Smithfield, Rhode Island (the primary government). The activities discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Primary Government

The Town is a municipal corporation governed by a Council/Town Manager form of government with a five-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. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1 - The primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit;

Test 2 - The potential component unit is fiscally dependent upon the primary government; or

Test 3 - The financial statements would be misleading if data from the potential component unit were not included.

The following entities were considered for classification as component units for fiscal year 2009:

- * Smithfield Public Schools
- * Greenville Public Library
- * East Smithfield Public Library
- * East Smithfield Neighborhood Center

Based upon the application of those criteria, the Town has included the Smithfield Public Schools, Greenville Public Library, East Smithfield Public Library and the East Smithfield Neighborhood Center as part of the reporting entity. The Smithfield Public Schools are deemed to have no separate legal status from the Town. As a result, the financial data of the Smithfield Public Schools has been included as Special Revenue Funds with the Town's financial statements. There are no potential component units for which the Town exercises oversight responsibility which are not included herein. Therefore, the reporting entity is limited to those departments which comprise the Town's legally adopted jurisdictions and the Smithfield Public Schools, Greenville Public Library, East Smithfield Public Library, and East Smithfield Neighborhood Center described above.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. REPORTING ENTITY (Continued)

The Greenville Public Library

The Greenville Public Library provides services to residents generally within the geographic boundaries of the Town. The Greenville Public Library is included within the reporting entity because the government approves the Greenville Public Library's budget and provides a major portion of the funding for operations.

East Smithfield Public Library

The East Smithfield Public Library provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Public Library is included within the reporting entity because the government approves the East Smithfield Public Library's budget and provides a major portion of the funding for operations.

East Smithfield Neighborhood Center

The East Smithfield Neighborhood Center provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Neighborhood Center is included within the reporting entity because the government approves the East Smithfield Neighborhood Center's budget and provides a major portion of the funding for operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

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

- GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.

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

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, 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, liabilities, 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.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Permanent Fund

Permanent Fund are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Fund

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. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

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 four agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Pupil Activity Funds
- Probate Court
- Street Lighting
- Soil Erosion

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General:	See above for description
Special Revenue:	School Department: accounts for the general operations of the Smithfield Public Schools.
Capital Project:	Log Road: accounts for centrally located land purchased for a proposed Library and School development.
Proprietary:	Sewer Authority: accounts for the overseeing of the sewer operations of the Town of Smithfield including the administration of the ten-year contract with Veolia Water, Inc. Water Supply Board: responsible for supplying water service for approximately one-third of the Town and also a certain area in the Town of North Providence.
Non-Major:	
Special Revenue:	School Restricted Grants, Accrued Retirement, Fire Apparatus, Municipal Contingency Escrow, Revaluation Fund, Smithfield Fire Rescue, Scholarship Fund, Recreation Capital, Review Fees, Animal Control Fund, Special Projects Fund, Animal Control Spay Neuter, RI DOH Alcohol Grant, CDBG Grant Funds, Inspection Fees, Senior Center, Capital Reserve, Land Trust, Historical Records, RI DOH Tobacco Grant, EMA – EOP, Document Preservation & Tech Upgrades, Police Confiscated Funds, EMA-Radio, Senior Center, , Revolving Loan Fund, Byrne Grant, Bulletproof Vest Program, RIDOT Click It or Ticket, Operation Blue Riptide, Kennedy Grant, RI DOT Passenger Safety, Fire Prevention, Senior Center Memorial Donations, Post Employment Escrow, Police Walmart Grant, Homeland Security Grant, Tri-Town Alcohol Grant, JAG Stimulus Grant, GPA Welfare, and Senior Center Expansion Donations.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

Capital Projects: Highway Resurfacing, Building Maintenance, Special Drainage, Handicap Accessibility, Senior Center, Highway Drainage, Sewer Contingency, Green Acres Acquisition Fund, Police Equipment, Impact Fees, Capital Improvement, State Sewer Projects, Open Space and Recreation Area, Drainage, Deerfield Park, Smithfield Historic Landmark, Middle School Additions, Water District Improvement Fee, Deerfield Park Addition, Senior Center Addition, High School Addition, Fire Department Headquarters, Wastewater Facility Improvements, Salt Barn Property, Apple Valley Road Connector, Road Resurfacing, Deerfield Park Wetlands Creation, Library Bond and Land Acquisition Fund.

Permanent Fund: Cemetery Fund

Measurement Focus

On the government-wide Statement of Net Assets 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.

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. Only current financial assets and liabilities are generally included on their balance sheets. Their 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 as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- (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 Assets 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency 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.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All proprietary funds, fiduciary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

All Governmental Fund Types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter, (generally defined as 60 days after the close of the fiscal year) to be used to pay liabilities of the current period

Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenue are recorded as revenues when received in cash. Those revenues susceptible to accrual are property taxes and investment earnings. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations, which are recognized when paid.

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

Investments

Investments are stated at fair value in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased (e.g. short-term commercial paper) are considered to be cash equivalents.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

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

Inventories

For Governmental Fund Types, disbursements for inventory-type items are not recorded as assets but have been recorded as an expenditure at the time individual inventory items were purchased. Inventories of the Town's Enterprise Funds are stated at the lower of cost (first in, first out) or market.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Vacation, Sick Leave and Other Compensated Absences

It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to the employees upon separation from Town service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds.

Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or serviced rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriations.

Fund Balance Transactions

The reappropriation of prior year's unexpended balances for certain accounts in the General Fund is reported as a transfer of fund balance in the current year.

Prepaid Items

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

Property, Plant and Equipment

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (fixed 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.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold is any individual item with a total cost greater than \$10,000.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Buildings and improvements	3 - 60 years
Land improvements	10 - 15 years
Equipment	3 - 60 years
Sewer lines and treatment and pumping plant	5 - 60 years
Vehicles	5 - 15 years
Infrastructure	15 - 65 years

Fund Financial Statements

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

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The Town Council conducts a hearing on the proposed budget submitted by the Manager in April of each year, based upon requests submitted by Town departments and municipally supported agencies. The Council then makes modifications and its recommended budget is placed before the Financial Town Meeting.

The Financial Town Meeting of the Town of Smithfield, Rhode Island is held annually in May. Eligible Smithfield residents, who must be registered voters, determine the tax levy for the coming fiscal year as the result of their vote upon the proposed municipal budget. Each activity of the budget may be debated and voted upon. Increases in the Council-recommended budget require an 80% favorable vote (commonly referred to as the "80% Rule") to open discussion. Following discussion, a simple majority is required for approval. Budget reductions require a simple majority to discuss or authorize.

The Town Moderator, who is appointed by the Council, conducts the Financial Town Meeting. The Town Council sits as the Budget Committee, and responds to questions along with the Town Manager and staff regarding the recommended municipal budget. The moderator conducts the meeting, ensures that the Rules of Order are enforced, and provides adequate opportunity for discussion upon each issue.

Based on state statutes, the School Committee is authorized to spend funds up to the total amount appropriated for the Unrestricted Fund, which is considered the fund level. The budget of the School Unrestricted Fund is prepared annually and submitted to the School Committee for approval. The amount of the annual transfer from the Town's General Fund to the School Unrestricted Fund is ultimately determined through the adoption of the General Fund budget.

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - General Fund has been adjusted to a basis consistent with the Town's budget.

Certain annual appropriations are carried over to next year's budget. There were \$2,805,243 of supplemental budgetary appropriations made during the fiscal year ended June 30, 2009.

Amendments to operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make or approve such transfers within departments. The Town Council has the authority to amend the budget.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

The adjustments necessary to reconcile actual revenues reported on a budgetary basis to actual revenues reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
<i>Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual</i>	\$63,792,286	\$62,795,391
Plus: Fund Balance Reappropriated (RUBS).....	-	(2,805,243)
Less: Fund Balance Appropriations	<u>(3,442,372)</u>	<u>-</u>
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i>	<u>\$60,349,914</u>	<u>\$59,990,148</u>

A reconciliation of the School's Operating Fund revenues and expenditures and other financing sources (uses) is presented below:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
<i>Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual</i>	\$32,543,802	\$30,924,484
Transfer from fund balance to revenue for current year	(892,872)	-
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	1,633,992	1,633,992
Transfer to Literacy – Special Revenue Fund.....	<u>(140,494)</u>	<u>(140,494)</u>
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i>	<u>\$33,144,428</u>	<u>\$32,417,982</u>

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 disclosure 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.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

3. CASH AND INVESTMENTS

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents".

Investments: Investment of all idle funds must be made through national banks or trust companies, provided 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 can not exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

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. The Town invest operating funds primarily in shorter-term securities, money market funds, or similar investment pools, although the Government does not have a formal policy relating to a specific investment related risk.

Concentrations: The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, \$ -0- of the Town's balance of \$29,776,814 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. 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. The town did not have any debt type investments that were exposed to credit risk as defined by GASB 40.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

3. CASH AND INVESTMENTS (Continued)

Cash and investments of the Town consist of the following at June 30, 2009

Cash and cash equivalents	
Deposits with financial institutions	\$ 29,776,814
 Investments	
Pension trust fund:	
Cash management investment funds	2,925,681
Indexed stock fund	5,376,329
Diversified stock fund	4,933,629
Total pension investments	<u>13,235,639</u>
Greenville Public Library	
Mutual funds	159,344
Total Greenville Public Library	<u>159,344</u>
Total investments	<u>13,394,983</u>
Total cash and investments	<u><u>\$ 43,171,797</u></u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	\$ 29,117,235
Investments	159,344
	<u>29,276,579</u>
 Fiduciary Funds	
Cash and cash equivalents	659,579
Investments	13,235,639
	<u>13,895,218</u>
Total Cash and Investments	<u><u>\$ 43,171,797</u></u>

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2009. If applicable, information about the exposure of the town's debt type investments to this risk is reported using the segment time distribution model.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

4. TAXES AND ASSESSMENTS RECEIVABLE

Taxes are assessed each December 31, and the levy thereon may be paid in full on or before September 30, or quarterly, on or before September 30, December 31, March 31, and June 30, without penalty, at the taxpayer's option. A 12% annual penalty is imposed on all overdue taxes.

Unpaid property taxes at June 30, 2009, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

The allowance for uncollectible accounts is based on that portion of current and delinquent taxes receivable, which is estimated to be doubtful of collection. This provision does not constitute an abandonment of claim or the cessation of collection effort.

Net property taxes levied for the fiscal year 2009 were based on an assessed value of approximately \$2,902,795,067 at December 31, 2007, and amounted to \$44,064,150. Collections through June 30, 2009 amounted to \$39,986,078, which represents 90.74% of the total tax levy. The percentage collected through August 31, 2009 was approximately 97.51%.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Government Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2009 are recorded as a receivable (net of an allowance for uncollectible property taxes of \$4,238,954 and amounted to \$4,316,982. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2009 are recorded as deferred revenue, net of allowance and amounted to \$1,262,809 at June 30, 2009. Property taxes recognized as revenue for the fiscal year ended June 30, 2009 due to their collection within the 60 days immediately following June 30, 2009 amount to \$2,980,553.

During the year ended June 30, 2009 the Town received \$3,542,317 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 are being phased out over an eight-year period commencing with fiscal year 1999-2000. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998.

The State of Rhode Island has also passed legislation to phase-out wholesale and retail inventory tax over a ten-year period effective July 1, 1999. The phase-out of this tax will be supplemented through an increase in General State Aid. The General State Aid will be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009.

User charges are assessed each year in an amount necessary to cover the projected operating expenses of the Sewer Authority for that year.

The allowance for uncollectible accounts of the Sewer Authority (\$39,593) is based on that portion of sewer assessment and user charges and miscellaneous accounts receivable which is estimated to be doubtful of collection, or which may be abated due to appeals now under consideration.

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

5. INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Primary Government			Ending Balance
		Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 8,516,490	\$ 443,349	\$ -	\$ -	\$ 8,959,839
Construction in progress	11,381	681,703	-	-	693,084
Total capital assets not being depreciated	8,527,871	1,125,052	-	-	9,652,923
Other capital assets:					
Buildings and improvements	24,600,038	151,094	-	-	24,751,132
Equipment	2,528,033	320,180	-	-	2,848,213
Vehicles	5,036,776	316,980	108,521	-	5,245,235
Infrastructure	73,490,545	1,781,149	-	-	75,271,694
Total other capital assets at historical cost	105,655,392	2,569,403	108,521	-	108,116,274
Total capital assets	114,183,263	3,694,455	108,521	-	117,769,197
Less accumulated depreciation for:					
Buildings and improvements	10,444,765	744,201	-	695	11,189,661
Equipment	1,609,598	256,679	-	387	1,866,664
Vehicles	4,169,387	286,230	107,852	(708)	4,347,057
Infrastructure	64,073,262	861,575	-	(3,358)	64,931,479
Total accumulated depreciation	80,297,012	2,148,685	107,852	(2,984)	82,334,861
Governmental activities capital assets, net	\$ 33,886,251	\$ 1,545,770	\$ 669	\$ 2,984	\$ 35,434,336
Depreciation expense was charged to functions as follows:					
Governmental activities:					
General government	\$ 632,044				
Public safety	393,429				
Education	102,663				
Recreation	44,402				
Public works	976,147				
Total governmental activities depreciation expense	\$ 2,148,685				

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

5. INFORMATION ABOUT CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Primary Government			Ending Balance
		Increases	Decreases	Adjustments	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 393,170	\$ -	\$ -	\$ -	\$ 393,170
Construction in progress	17,929	-	-	-	17,929
Total capital assets not being depreciated	411,099	-	-	-	411,099
Other capital assets:					
Land improvements	83,629	-	-	-	83,629
Issuance costs	-	48,242	-	9,822	58,064
Plant and Buildings	12,726,321	94,765	-	(293,623)	12,527,463
Pumping station and equipment	9,744,094	29,919	-	(262,192)	9,511,821
Street mains and manholes	13,340,787	3,463,936	-	585,520	17,390,243
Motor vehicles	247,050	42,651	-	(135,352)	154,349
Furniture and equipment	1,115,650	28,950	80,885	105,647	1,169,362
Transmission lines and hydrants	3,633,171	-	-	-	3,633,171
Total other capital assets at historical cost	40,890,702	3,708,463	80,885	9,822	44,528,102
Less accumulated depreciation for:					
Land improvements	33,528	28,652	-	-	62,180
Issuance costs	-	3,216	-	9,822	13,038
Plant and Buildings	8,633,200	402,042	-	-	9,035,242
Pumping station and equipment	1,824,356	300,431	-	-	2,124,787
Street mains and manholes	10,032,622	468,820	-	-	10,501,442
Motor vehicles	111,698	2,133	-	-	113,831
Furniture and equipment	989,746	68,283	63,808	-	994,221
Transmission lines and hydrants	1,297,431	63,231	-	-	1,360,662
Total accumulated depreciation	22,922,581	1,336,808	63,808	9,822	24,205,403
Business-type activities capital assets, net	\$ 18,379,220	\$ 2,371,655	\$ 17,077	\$ -	\$ 20,733,798
Depreciation expense was charged to functions as follows:					
Business-type activities:					
Sewer Authority		\$ 1,031,546			
Water Supply Board		74,212			
Non-major enterprise funds		231,050			
Total business-type activities depreciation expense		\$ 1,336,808			

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

6. LONG-TERM LIABILITIES

(a) General

All of the Town's general obligation debt (now outstanding or authorized but unissued) has been authorized pursuant to the General Laws of Rhode Island or special acts of the State legislature. Each special act provides for approval thereof by the electors of the Town. After referendum approval has been secured, the borrowing must be authorized by resolution of the Town Council, adopted by vote of a majority.

The Rhode Island General Laws provide that no Town or town shall without special statutory authority, incur any debt which would increase its aggregate indebtedness beyond three percent of the taxable property of the Town or town. Tax anticipation notes are not included in the computation of debt limit. Debt may be incurred in excess of the three percent limit with the approval of the state director of administration. All of the Town's bonds and notes outstanding or authorized but unissued debts are either specifically excepted from the three percent debt limit or are within such limit.

The current three percent debt limit of the Town is \$87,083,852, based on the net assessed valuation at December 31, 2007 of \$2,902,795,067. There is no debt presently outstanding pursuant to this limitation.

Authorized But Unissued Debt

The Town has a total of \$11,540,000 in authorized, unissued debt consisting of the following authorizations:

	<u>Authorized</u>	<u>Unissued</u>
Sewer:		
Chapter 519 PL 1986	\$ 1,000,000	\$ 650,000
Town Hall Renovation:		
Chapter 27 PL 1987	1,100,000	240,000
Water:		
Chapter 32 PL 1989	5,000,000	3,000,000
Land Trust Open Space:		
Chapter 421 PL 2004	2,650,000	2,650,000
Land Trust Farmland Conservation:		
Chapter 421 PL 2004	2,500,000	2,500,000
Land for School, Library and Related Purposes:		
Chapter 421 PL 2004	2,500,000	2,500,000
Total	<u>\$14,750,000</u>	<u>\$11,540,000</u>

TOWN OF SMITHFIELD, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

6. LONG-TERM LIABILITIES (Continued)

The town reports a long-term liability of the primary government in either governmental type activities or business type activities.

Long-term liability activity for the fiscal year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due within One Year
Governmental Activities					
Bonds Payable	\$ 10,210,000	\$ -	\$ 960,000	\$ 9,250,000	\$ 830,000
Lease Participation Certificates	3,900,000	-	725,000	3,175,000	740,000
Total bonds & notes payable	14,110,000	-	1,685,000	12,425,000	1,570,000
Other liabilities:					
Bond anticipation notes	2,635,000	2,635,000	2,635,000	2,635,000	2,635,000
Capital leases payable	315,894	-	87,336	228,558	60,960
Net pension obligation	1,441,286	437,442	-	1,878,728	-
Net other post employment benefit obligation	-	869,132	-	869,132	-
Accrued compensated absences	3,301,311	114,594	-	3,415,905	-
Total other liabilities	7,693,491	4,056,168	2,722,336	9,027,323	2,695,960
Governmental Activities long-term liabilities	\$ 21,803,491	\$ 4,056,168	\$ 4,407,336	\$ 21,452,323	\$ 4,265,960
Business-Type Activities					
Notes Payable	\$ 929,525	\$ -	\$ 128,525	\$ 801,000	\$ 50,000
Total notes payable	929,525	-	128,525	801,000	50,000
Other liabilities:					
Accrued compensated absences	49,276	2,345	-	51,621	-
Total other liabilities	49,276	2,345	-	51,621	-
Total enterprise funds	\$ 978,801	\$ 2,345	\$ 128,525	\$ 852,621	\$ 50,000

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

6. LONG-TERM LIABILITIES (Continued)

The following schedule summarizes the Town's bonds and notes:

	Interest Rates	Principal	Due Dates
Governmental bonds and capital leases payable	2.5-6.50%	\$ 12,425,000	2009-2024
Enterprise Funds bonds and notes payable	1.492-7.125%	801,000	2009-2022
Total All Funds		\$ 13,226,000	

The Town is not obligated in any way for special assessment debt.

The debt service through maturity for the above Governmental bonds are as follows:

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities		Total Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	1,570,000	504,275	50,000	15,581	1,620,000	519,856
2011	1,600,000	442,475	51,000	14,661	1,651,000	457,136
2012	1,640,000	369,325	52,000	13,712	1,692,000	383,037
2013	1,685,000	293,313	53,000	12,729	1,738,000	306,042
2014	830,000	236,813	54,000	11,712	884,000	248,525
2015	830,000	201,100	55,000	10,660	885,000	211,760
2016	830,000	164,550	56,000	9,573	886,000	174,123
2017	430,000	132,225	57,000	8,447	487,000	140,672
2018	430,000	115,025	59,000	7,274	489,000	122,299
Thereafter	2,580,000	323,576	314,000	17,189	2,894,000	340,765
TOTALS	\$ 12,425,000	\$ 2,782,677	\$ 801,000	\$ 121,538	\$ 13,226,000	\$ 2,904,215
		\$ 15,207,677		\$ 922,538		\$ 16,130,215

Accrued Compensated Absences - Town employees receive vested rights to paid vacation, sick time and compensatory time at the end of their first year of full-time employment with no pro rata payment if employment is terminated before the completion of a full year of service. An expenditure/expense is recognized each month as benefits are used, consistent with the standards established by GASB 16.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

6. LONG-TERM LIABILITIES (Continued)

Capital Leases

The Town has an existing seven-year lease for the acquisition of a pumper truck, a six-year lease for the acquisition of a rescue vehicle, fire truck and ladder truck, and a five-year lease agreement for the acquisition of a dump truck. All of the lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in capital assets and long-term debt on the government-wide financial statements.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>		
	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>
Assets:			
Vehicles and equipment.....	\$474,811	\$139,523	\$71,510
Less: accumulated depreciation.....	(237,918)	(127,896)	(29,796)
Total	<u>\$236,893</u>	<u>\$ 11,627</u>	<u>\$41,714</u>

The future minimum lease payments to be made under these agreements are as follows:

2010.....	\$70,959
2011.....	70,960
2012.....	55,437
2013.....	<u>55,437</u>
Future minimum payments.....	252,793
Less: interest.....	(24,235)
Total long-term debt	<u>\$228,558</u>

Payments made in fiscal 2009 totaled \$101,341, of which \$14,005 was interest and \$87,336 was the present value of the future minimum lease payments.

7. SHORT-TERM DEBT

At August 11, 2008, the Town issued a \$2,635,000, 2.96% Bond Anticipation Note with a maturity date of July 8, 2009. The note proceeds were used to purchase land for school, library and related purposes. The Town intends to finance the payment of short-term debt outstanding at the end of the period as a rollover of the obligation.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Note.....	<u>\$2,635,000</u>	<u>\$2,635,000</u>	<u>\$2,635,000</u>	<u>\$2,635,000</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

8. INTERFUND BALANCES

Inter-fund balances represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are the balances as of June 30, 2009

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 6,971,674	\$ 7,302,379
Special Revenue Funds:		
School Unrestricted	1,965,089	55,427
School Restricted	51,833	314,528
Log Road	188,209	-
Town Restricted	1,749,368	491,510
Capital Projects:	3,954,499	861,465
Trust and Agency Funds:	175,431	4,812,206
Agency Funds	-	-
Pension Trust Fund	3,439,763	-
Proprietary Funds		
Sewer Authority	-	1,206,165
Water Supply Board	-	303,584
School Lunch	-	1,555
Smithfield Ice Rink	-	54,013
	\$ 14,541,367	\$ 14,541,367

9. GRANT PROGRAMS

Basis of Accounting

The Town's grant programs are accounted for as special revenue funds and their financial statements are prepared on the modified accrual basis of accounting, whereby revenue is recorded when susceptible to accrual and expenditures are recorded when incurred.

Grant Commitments

The Town's grant programs receive their revenue through pre-approved grant awards. A summary of the grants and drawdowns are as follows:

Community Development Block Grants

	<u>08-31-21</u>	<u>06-31-19</u>	<u>Total</u>
Contract Identification #.....	\$7,750	\$83,700	\$91,450
Total entitlement.....	(4,000)	(83,700)	(87,700)
Total drawdowns through June 30, 2009.....	\$3,750	\$ -	\$ 3,750
Balance of grant at June 30, 2009.....			

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

"Total fund balances" of the town's governmental funds \$17,315,141 differs from "net assets" of governmental activities \$34,982,522 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 20,721,688	\$ -	\$ -	\$ 20,721,688
Accounts receivable:				
Taxes, net	4,247,729	-	-	4,247,729
Other	52,596	-	-	52,596
Town held tax liens	102,045	-	-	102,045
Due from other governments	623,191	-	-	623,191
Prepays	125,900			125,900
Internal balances	11,151,604	-	(11,151,604)	-
Capital assets	-	35,434,336	-	35,434,336
Total assets	37,024,753	35,434,336	(11,151,604)	61,307,485
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,866,860	-		1,866,860
Accrued payroll and benefits	448,287	98,582	-	546,869
Due to other governments	12,973	-	-	12,973
Internal balances	12,976,050	-	(14,541,367)	(1,565,317)
Deferred revenues	1,395,894	(1,262,809)	-	133,085
Bond anticipation note payable	2,635,000	-	-	2,635,000
Other liabilities	374,548	113,859	3,389,763	3,878,170
Long-term liabilities				
Due within one year	-	1,630,960	-	1,630,960
Due in more than one year	-	17,186,363	-	17,186,363
Total liabilities	19,709,612	17,766,955	(11,151,604)	26,324,963
Fund Balances/Net Assets				
Total fund balances/net assets	17,315,141	17,667,381	-	34,982,522
Total liabilities and fund balances/net assets	\$ 37,024,753	\$ 35,434,336	\$ (11,151,604)	\$ 61,307,485

(1) When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the town as a whole.

Cost of capital assets	\$ 117,769,197
Accumulated depreciation	(82,334,861)
	\$ 35,434,336

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

Bond premiums	\$ (113,859)
Accrued interest payable	(98,582)
Adjustment of deferred revenue	1,262,809
	\$ 1,050,368

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

Bonds & notes payable	\$ (12,425,000)
Capital leases	(228,558)
Accrued compensated absences	(3,415,905)
Net other post employment benefit obligation	(869,132)
Net pension obligation	(1,878,728)
	\$ (18,817,323)

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

11. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds \$154,061 differs from the "change in net assets" for governmental activities \$2,812,336 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 48,402,854	\$ 716,424	\$ -	\$ -	\$ 49,119,278
Intergovernmental	3,076,659	-	-	-	3,076,659
State aid for education	4,832,845	-	-	-	4,832,845
Federal revenue - SFSF	373,470	-	-	-	373,470
License, fees and permits	714,910	-	-	-	714,910
Investment income	678,890	-	-	-	678,890
Departmental	967,497	-	-	-	967,497
Other revenues	2,673,628	31,052	-	-	2,704,680
Total revenues	<u>61,720,753</u>	<u>747,476</u>	<u>-</u>	<u>-</u>	<u>62,468,229</u>
Expenditures					
Current:					
General government	2,986,427	-	590,294	1,333,832	4,910,553
Public safety	9,646,412	-	23,356	-	9,669,768
Public works	2,970,915	-	803,846	-	3,774,761
Education	33,576,394	-	(93,451)	-	33,482,943
Public health and assistance	45,058	-	-	-	45,058
Parks and recreation	466,165	-	44,402	-	510,567
Community development	104,629	-	-	-	104,629
Employee benefits and operating grants	6,736,425	-	(64,000)	-	6,672,425
Debt service:					
Principal	1,685,000	-	-	(1,685,000)	-
Interest and other cost	699,211	(11,546)	-	-	687,665
Capital outlay	2,853,201	-	(2,853,201)	-	-
Total expenditures	<u>61,769,837</u>	<u>(11,546)</u>	<u>(1,548,754)</u>	<u>(351,168)</u>	<u>59,858,369</u>
Other financing uses/changes in net assets					
Gain (loss) on disposal of equipment	-	-	(669)	-	(669)
Net transfers to (from) other funds	203,145	-	-	-	203,145
Net other financing uses	<u>203,145</u>	<u>-</u>	<u>(669)</u>	<u>-</u>	<u>202,476</u>
Net change for the year	<u>\$ 154,061</u>	<u>\$ 759,022</u>	<u>\$ 1,548,085</u>	<u>\$ 351,168</u>	<u>\$ 2,812,336</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

11. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES. (Continued)

(1) Because some property taxes will not be collected for several months after the town's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Property taxes	\$ 716,424
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest and bond premiums are added to the bonds payable, and bond issuance costs are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Accrued interest	\$ 11,546
Amortization bond premiums	31,052
Total expenditure adjustment	\$ 42,598

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

Capital outlay	\$ 3,694,455
Depreciation expense	(2,148,685)
Depreciation adjustment	2,984
Difference	\$ 1,548,754

When a loss is realized for the disposal of capital assets the loss is not recognized on the governmental funds and is only recorded on the statement of activities.

Loss on disposal of equipment	\$ (669)
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(3) Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources, while certain cash flow items that represent long-term liabilities are recognized as current revenues, however in the statement of activities which is presented on the full accrual basis of accounting, expenses and liabilities are recorded regardless of when financial resources are available.

Principal payments made	\$ 1,685,000
Decrease in capital leases	87,336
Net increase in compensated absences	(14,594)
Net increase in the other post employment benefit obligation	(869,132)
Net increase in the net pension obligation	(437,442)
Difference	\$ 351,168

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS

(a) Municipal Employees' Retirement System of the State of Rhode Island

The Town of Smithfield participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2009 was \$6,645,189 and the Town wide payroll was approximately \$31.4 million.

Plan Description

State Statute establishes the following eligibility and benefit provisions. The System generally provides retirement benefits equal to 2 percent of final average salary per year of service with a maximum benefit of 75 percent of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Benefits are established by State Statute.

MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

Funding Policy

MERS members are required to contribute 7% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 5.43% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Annual Pension Cost

For 2009, the Town contributed \$376,777 for MERS. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included (a) a net investment return of 8.25 percent compounded annually, (b) projected salary increases of 4.5-8.5 percent compounded annually, (c) 3 percent per year cost-of-living adjustments, (d) mortality rates based on the 1994 Group Annuity Mortality Table and (e) a retirement age of 65 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 25-year period.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(b) Employees' Retirement System of the State of Rhode Island

All Town of Smithfield, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2009 was \$16,066,786. The Town's total payroll was approximately \$31.4 million.

Plan Description

State Statute establishes the following eligibility and benefit provisions. All Town of Smithfield, Rhode Island certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. Employees who retire at or after age 60 with 10 years of credited service or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7 percent of their final average salary for each year of credited service up to 10 years, plus 1.9 percent of their final average salary in excess of 10 years through 20 years, plus 3.0 percent of their final average salary in excess of 20 years up to the 34th year of service, plus 2.0 percent of their final average salary for the 35th year, up to a maximum benefit of 80 percent of their final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent compounded to allow for increases in cost of living. Cost of living adjustments begin on the January 1st following the third anniversary of an employee's retirement. There were no changes in the method, and assumptions in the June 30, 2006 actuarial valuation to determine plan cost. The System also provides death and disability benefits. The System also provides pre-retirement benefits at a minimum of 17% of salary for non-occupational disabilities after 5 years of service and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre and post-retirement benefits with minimum amounts established under varying circumstances.

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.89%, 13.04%, and 11.62%, for all full-time employees for fiscal years 2009, 2008, and 2007, respectively. The 2009 contribution rates are based on the State of Rhode Island's FY 2009 Pension Reform Reconciliation. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- A. **Mortality** – 1994 Group Annuity Mortality Tables.
- B. **Investment return** – 8.25 percent, compounded annually.
- C. **Salary increase** - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.
- D. **Retirement age** - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years service credit.
- E. **Cost of living adjustments** – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(b) Employees' Retirement System of the State of Rhode Island (Continued)

Funding Policy (Continued)

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 10.17% of non-federally reimbursable payrolls totaling \$1,633,992 for the fiscal year ended June 30, 2009.

The School Department does not have any investments or related party investment with the State Plan.

The amounts contributed to the plan are as follows:

<u>Years Ending June 30,</u>	<u>Employee</u>	<u>Town's Portion Of Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$1,526,347	\$1,927,304	100%
2008	\$1,497,146	\$2,106,950	100%
2007	\$1,468,540	\$1,841,864	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the Town has determined that there are no assets or liabilities relating to the funding requirements of the plan.

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2007 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

(c) Police Pension Plan

Plan Description

Police officers hired prior to July 1, 1999 were covered through June 30, 2006, under a single employer defined benefit pension plan which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2005, the plan was comprised of sixty-four participants: twenty-four active, five disabled, and thirty-five retired participants. Fourteen of the twenty-four active participants had sufficient service to be vested at June 30, 2005. This is based upon the most recent actuarial report dated July 1, 2005.

Normal retirement benefits are paid at 2.5 percent of final average salary multiplied by service up to 20 years plus 2 percent of final average salary multiplied by service in excess of 20 years, not to exceed 75 percent of final average salary. Final average salary is defined as the average annual salary for the three (3) consecutive years producing the highest such average in the last ten (10) years preceding normal retirement date. The normal retirement dates are as follows:

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

Plan Description (Continued)

- Police employed prior to December 1, 1987 - the earlier of age 55 or completion of 20 years of service;
- Police employed on or after December 1, 1987 - completion of 20 years of service;

As of July 1, 2006, all active police officers were transferred to the Municipal Employees' Retirement System of the State of Rhode Island (the "System").

Summary of Significant Accounting Policies

The Police Pension Trust Fund is prepared on the accrual basis of accounting. Contributions from the Town and participants are recognized as revenue in the period in which employees provide service to the Town. Investment income is recognized as earned by the pension plan. Investment in securities is valued at fair value. Benefits and refunds are recognized when due and payable in accordance with the terms of the each plan. Dividend income is recorded on the ex-dividend date.

Contributions and Reserves

As a condition of participation in the plan, members of the police department were required to make contributions each year at 13% of their pay. The collective bargaining agreement between the Town and police provided that the Town would contribute no more than 18.3% of police department payroll to the plan, plus an additional \$1,048,000. Total contributions for the year ended June 30, 2009 were \$1,048,000. Plan administrative cost are paid from plan assets.

Plan Assets:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Fund value assets at beginning of year	\$4,548,659	\$8,696,989	\$8,054,539
Plan income year ended June 30:			
Employer contributions	1,048,000	1,048,000	1,193,376
Employee contributions.....	-	-	-
Investment return	(501,069)	(361,724)	972,690
Plan expenses year ended June 30:			
Benefits paid	(1,531,752)	(1,498,309)	(1,464,352)
Administrative costs	(21,519)	(47,122)	(59,264)
Fund value assets at June 30	<u>\$3,542,319</u>	<u>\$8,696,989</u>	<u>\$ 8,696,989</u>

Unfunded Actuarial Accrued Liability:

The Unfunded Actuarial Accrued Liability is unavailable as of date of this report. An actuarial valuation has not been performed for the plan. The actuarial cost method used to calculate the unfunded liability was the Frozen Initial Liability Cost Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption.

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

**POLICE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
(UNAUDITED)**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$7,536,420	\$19,663,020	\$12,126,600	38%	N/A*	N/A*
2008	\$5,629,265	\$19,745,411	\$14,116,146	29%	N/A*	N/A*
2009	\$3,574,925	\$19,943,328	\$16,368,403	18%	N/A*	N/A*

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended <u>June 30</u>	Annual Pension Cost (APC)	Minimum Recommended Contribution	Percentage of Minimum Recommended Contribution	Net Pension Obligation
2007	N/A*	N/A*	N/A*	N/A*
2008	N/A*	N/A*	N/A*	N/A*
2009	N/A*	N/A*	N/A*	N/A*

* As of July 1, 2006, all active police officers were transferred to the Municipal Employees' Retirement System of the State of Rhode Island.

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2005
Actuarial cost method	Frozen initial liability cost method
Amortization method	25 years as of July 1, 1999
Remaining amortization period	19 years (for original unfunded)
Asset valuation method	IPG Fund is held at contract value, all other investments at current market value
Actuarial assumptions:	
Investment rate of return	8.5%, net of investment expenses
Projected salary increases	5.5% annually
Cost-of-living adjustments	3% annually

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

Police Pension Effective FY 2000 for New Hires

Effective fiscal year 2000, new hires of the Town of Smithfield Police Department participate in the System, an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police and firemen. All full-time police employees hired after July 1, 1999 participate in the System. In addition, as of July 1, 2006, all active police officers were transferred to this plan.

The payroll for employees covered by the System for the year ended June 30, 2009 was \$2,369,282 and the Town wide payroll was approximately \$31.4 million.

Plan Description

The eligibility and benefit provisions are established by State Statute. The System provides retirement benefits to employees at or after age 55 with 10 years of service or after 20 years of service with no restriction on age. The monthly benefit is calculated at 2.5% of the member's final average compensation for each year of service, up to a maximum of 30 years (75% maximum).

Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3%, not compounded, to allow for increases in the cost of living.

Contributions Required and Contributions Made

Police personnel are required by State Statute to contribute 9% until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2% or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2009.

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2009 was \$506,315. This contribution represents 21.4% of covered payroll. Employees were required to contribute \$214,320. This contribution represents 9% of covered payroll.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(d) Fire Pension Plan

Plan Description

Fire department employees are covered under a single employer defined benefit pension plan, which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2009, the plan was comprised of 81 participants: 53 active, 3 terminated vested, 5 disabled, and 20 retired participants. 27 of the 54 active participants had sufficient service to be vested at June 30, 2009.

Normal retirement benefits are paid at 2.5 percent of final average salary multiplied by service up to 20 years plus 2 percent of final average salary multiplied by service in excess of 20 years, not to exceed 75 percent of final average salary. Final average salary is defined as the average annual salary for the three (3) consecutive years producing the highest such average in the last ten (10) years preceding normal retirement date. The normal retirement date is the first day of the month coincident with or next following the earlier of the attainment of age 65 or completion of 20 years of service.

Summary of Significant Accounting Policies

The Fire Pension Trust Fund is prepared on the accrual basis of accounting. Contributions from the Town and participants are recognized as revenue in the period in which employees provide service to the Town. Investment income is recognized as earned by the pension plan. Investment in securities is valued at cost. Benefits and refunds are recognized when due and payable in accordance with the terms of the each plan. Dividend income is recorded on the ex-dividend date.

Contributions and Reserves

As a condition of participation in the plan, members of the fire department are required to make contributions each year at 7.5% of their pay. The collective bargaining agreement between the Town and the fire department personnel provides that the Town will contribute no more than 19.6% of fire department payroll to the plan. Accordingly, for the year ended June 30, 2009, the Town and plan participants contributed 19.6% and 7.5% of covered payroll, respectively. Total contributions for the year ended June 30, 2009, were \$763,222. The contributions based on an accrual basis were comprised of a Town contribution of \$550,611 and an employee contribution of \$212,611. Total covered payroll for the year ended June 30, 2008 was approximately \$2,691,863. Plan administrative cost are paid from plan assets.

Plan Assets:	<u>2009</u>	<u>2008</u>	<u>2007</u>
Fund value assets at beginning of year	\$12,923,279	\$14,622,348	\$12,455,809
Plan income year ended June 30:			
Employer contributions	550,611	563,084	485,567
Employee contributions	212,611	215,096	173,415
Investment return	(3,115,633)	(1,783,862)	2,136,407
Plan expenses year ended June 30:			
Benefits paid	(743,351)	(611,031)	(544,381)
Administrative costs	(33,609)	(82,357)	(84,469)
Fund value assets at June 30	<u>\$9,793,908</u>	<u>\$12,923,279</u>	<u>\$14,622,348</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(d) Fire Pension Plan (Continued)

Unfunded Actuarial Accrued Liability:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Unfunded actuarial accrued liability at beginning of year.....	\$2,394,097	\$2,336,573	\$1,989,143
Interest at 8.5%	203,498	198,608	169,077
Normal cost assumed due July 1	716,977	391,501	639,600
Interest at 8.5%	60,943	33,278	54,366
Less: contributions applicable to plan year ending June 30	(561,013)	(543,246)	(495,004)
Interest at 8.5%	<u>(21,006)</u>	<u>(22,617)</u>	<u>(20,609)</u>
Unfunded actuarial accrued liability at June 30	<u>\$2,793,496</u>	<u>\$2,394,097</u>	<u>\$2,336,573</u>

The actuarial cost method used to calculate the unfunded liability was the Frozen Initial Liability Cost Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption.

Financial assumptions were as follows: investment return 8.5%, prior year's expenses increased by 4%, salary increases 5.5%.

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2009.

Annual required contribution	\$1,044,019
Interest on net pension obligation	122,509
Adjustment to annual required contribution	<u>(168,073)</u>
Annual pension cost	998,455
Contributions made	<u>561,013</u>
Increase (decrease in net pension obligation)	<u>437,442</u>
Net pension obligation beginning of year	<u>1,441,286</u>
Net pension obligation end of year	<u>\$1,878,728</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(d) Fire Pension Plan (Continued)

FIRE EMPLOYEES' RETIREMENT SYSTEM
SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$14,635,156	\$16,971,729	\$2,336,573	86%	\$2,504,806	93%
2008	\$12,908,897	\$15,302,994	\$2,394,097	84%	\$2,635,945	91%
2009	\$ 9,793,908	\$12,587,404	\$2,793,496	78%	\$2,691,863	104%

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended <u>June 30</u>	Contributions	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2007	\$479,392	\$890,424	54%	\$1,280,148
2008	\$495,848	\$656,986	76%	\$1,441,286
2009	\$561,013	\$998,455	56%	\$1,878,728

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2009
Actuarial cost method	Frozen initial liability cost method
Amortization method	25 years as of July 1, 1999
Remaining amortization period	17 years (for original unfunded)
Asset valuation method	IPG Fund is held at book value, all other investments at current market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5% annually
Cost-of-living adjustments	3% annually

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(e) Post Retirement Benefits

Plan Description

In addition to the pension benefits described above, the Town provides post employment health care benefits in accordance with Town contracts. These benefits are for continued full family or individual health care for the employee groups as described below. Retiree medical coverage is only to age 65, while dental continues post-65.

Town Hall Employees, Police and Fire

Members of this group are eligible for full coverage of medical and dental benefits if they were hired before 1996, and 85% of full coverage if hired after 1995. 20 years of service must be attained for full eligibility.

School

Members of this group are eligible for full coverage after 28 years of service with at least 15 years with the Town. 50% coverage is offered after age 60 with 20 years of service if hired before June 20, 1989. Employees hired after July 1, 1992 receive benefits limited to \$5,000 annually.

Membership

At July 1, 2009, membership consisted of:

Active Town Employees receiving benefits	151
Active School Employees receiving benefits	323
Retired, disabled, beneficiaries and survivors – Town Employees	43
Retired, disabled, beneficiaries and survivors – School Employees	<u>70</u>
Total	587

Funding Policy

The Town pays for the other post-employment benefits on a pay-as-you-go basis. The annual medical & dental benefits premium cost for fiscal year ended June 30, 2009 was \$572,187 for Town employees and \$595,135 for School employees totaling \$1,167,322.

Annual OPEB Cost and net OPEB Obligation

The following chart projects the Actuarial Required Contribution (“ARC”), Pay-As-you-Go, Annual OPEB cost and the Net OPEB Obligation for the next 5 years under an unfunded (pay-as-you-go) scenario.

Actuarial Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets <u>(a)</u>	Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
2009	\$550,225	\$26,277,276	\$(25,727,051)	2%	\$31,424,385	(82)%

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(e) Post Retirement Benefits

Funding Status and Funding Progress

Currently, post employment benefits are paid for on a pay-as-you-go basis (an unfunded scenario). The Town's pay-as-you-go cost for fiscal 2010 is projected to be \$1,455,607. The normal cost for fiscal 2009 under the unfunded scenario with a 3.50% discount rate is \$933,583.

The Town has not yet set aside any money to pre-fund the post employment benefits. Therefore, there is a large unfunded actuarial accrued liability for benefits already earned by employees and retirees. This amount is \$26,277,276 as of July 1, 2009 under a 3.5% discount rate. This would lead to a \$1,328,139 amortization payment required for fiscal 2010 under a 30-year increasing funding schedule.

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected Unit Cost
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay
Remaining Amortization Period	30 Years
Medical Care Inflation Rate:	Annual increases in premium for retired medical and Prescription drug benefits are assumed to be as follows:

<u>Year After Valuation Date</u>	<u>Increase</u>
1	9.0%
2	8.0%
3	7.0%
4	6.0%
5	5.5%
Thereafter	5.0%

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2009.

Annual required contribution	\$ 2,324,739
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual pension cost	2,324,739
Contributions made*	<u>1,455,607</u>
Increase (decrease in OPEB obligation)	<u>869,132</u>
OPEB obligation beginning of year	-
OPEB obligation end of year	<u>\$ 869,132</u>

* Contribution made was assumed to equal Expected Benefit Payments

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

13. FUND EQUITY

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

(a) Reservations

Reservations of fund balance at June 30, 2009 were as follows:

General Fund:

Reserved for Town held tax liens	\$ 102,046
Reserved for capital expenditures	2,811,662
Reserved for reappropriation of unappropriated balances (RUBS).....	2,805,243
Reserved for subsequent year's budgeted expenditures	<u>992,000</u>
Total	<u>\$6,710,951</u>

School Department:

Reserved for subsequent year's budgeted expenditures	<u>\$ 685,276</u>
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Fiduciary Fund Types:

Reserved for perpetual care	<u>\$ 63,259</u>
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(b) Designations

Designations of fund balance at June 30, 2009 were as follows:

General Fund:

Designated to supplement future tax assessments.....	\$4,000,000
Designated for capital reserve	106,868
Designated for land trust.....	53,434
Designated for subsequent year's expenditures	100,000
Designated for capital outlay	<u>250,000</u>
Total	<u>\$4,510,302</u>

School Department:

Designated for capital outlay	\$380,931
Designated for NRIC	224,500
Designated for restricted state aid	<u>2,834</u>
Total	<u>\$608,265</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

13. FUND EQUITY (Continued)

(c) Deficits

Deficits of fund equity balances at June 30, 2009 were as follows:

Major Governmental Funds:

Log Road	\$2,446,791
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Non-major Governmental Funds:

Deerfield Park Addition	\$ 237,426
Senior Center Addition	\$ 545,631
Salt Barn Property	\$ 4,200
Apple Valley Road Connector	\$ 2,480
Road Resurfacing	\$ 3,717,543
Deerfield Park Wetlands Creation	\$ 494
Library Bond	\$ 1,843
Land Acquisition Fund	\$ 740,181

The Town of Smithfield anticipates funding deficits through future bond issues and/or Town appropriations.

14. RISK MANAGEMENT

Health Care

The Town provides medical and dental coverage for all eligible employees of the Town and their dependents. The Town participates in a healthcare collaborative entitled The Government Health Group of Rhode Island, Inc. (The Group). The Group is a not-for-profit organization formed to provide programs of health insurance and dental insurance coverage to Rhode Island cities, towns and other governmental units, which is governed by a Board of Directors. Upon joining the Group, members execute a member agreement that outlines the rights and responsibilities of both the members and the Group. Members of the Group participate in the Group's health insurance plan administered through Blue Cross Blue Shield of Rhode Island and dental insurance plan administered through Delta Dental of Rhode Island.

Using rates calculated by both Blue Cross Blue Shield of Rhode Island and Delta Dental of Rhode Island, the Group sets annual contribution rates for the subscribers of each member for each plan offered. The Group agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Group. The contributions of each member are deposited into separate health and dental pools which are used to pay for claims, reinsurance and all administrative expenses. The Group agreement provides for an annual independent audit of its financial statements. The Group retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$300,000.

Unemployment

The Town is self-insured for unemployment benefits. There were no incurred but not reported claims outstanding as of June 30, 2009.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

14. RISK MANAGEMENT (Continued)

Other Insurance

The Town receives coverage for its property and liability expenses and for its workers' compensation expenses through the Rhode Island Interlocal Risk Management Trust. During the fiscal year ended June 30, 2009, the Town paid premiums of \$162,303, \$216,486, and \$0 for its workers' compensation coverage, property and liability coverage, and for special police liability coverage, respectively. At June 30, 2009, the trust held reserves for future payments of open cases. The trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability were exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the trust policy.

At June 30, 2009, the Town is unable to estimate the potential exposure for outstanding claims, which may fall outside the parameter of the trust policy.

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 in its financial statements in accordance with GASB No. 32 since the Town does not have fiduciary responsibility for this plan. The plan, available to all municipal employees, permits the deferred of a portion of the employee's salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 1999, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, "*Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans.*" All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the perspective liabilities have been omitted from the Town's financial statements.

Prior to implementing GASB 32, all amounts of compensation deferred under the plans, all property and rights purchased with the amounts, and all income attributable to those amounts, property or rights were (until paid or made available to the employee or other beneficiary) solely the property and rights of the Town (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the Town's general creditors. Participants' rights under the Plan were equal by those of general creditors of the Town in an amount equal to the market value of the deferred account for each participant.

16. CONTINGENT LIABILITIES AND LITIGATION

The Town has no established liability based on attorneys' estimates of pending matters and lawsuits in which the Town is involved. In addition, there are other pending matters and lawsuits in which the Town is involved. The Town estimates that the potential claims against the Town not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

The Town has received federal and state grants for specific purposes that are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Town officials believe such disallowances, if any, would be immaterial.

There are several lawsuits pending against the School Department. School Department officials estimate that liabilities, if any, against the Town from such litigation not covered by insurance will be immaterial.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

17. SEGMENT REPORTING INFORMATION FOR ENTERPRISE FUND

Segment information for the Sewer Authority at June 30, 2009 and for the year then ended is presented as follows:

	Sewer Authority
Operating Revenues	\$ 2,594,049
Depreciation	1,031,546
Operating Income (loss)	139,972
Change in Net Assets	2,443,084
Net Working Capital	4,383,672
Total Assets	22,697,651
Total Indebtedness	801,000
Total Net Assets	19,896,553

18. CASH FLOWS

Cash paid for interest for the ended June 30, 2009 for the enterprise funds was \$18,901.

19. INTERFUND TRANSFERS

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2009.

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	\$ 2,654,844	\$35,146,736
School Department	31,628,496	-
Non-major funds	<u>2,351,837</u>	<u>1,285,296</u>
Total governmental activities	<u>\$36,635,177</u>	<u>\$36,432,032</u>
Business-type activities:		
Major funds:		
Sewer Authority	\$ -	\$1,176,500
Water Supply Board	-	202,494
Non-major funds	<u>1,175,849</u>	-
Total business-type activities	<u>\$1,175,849</u>	<u>\$1,378,994</u>
Total governmental & business-type activities	<u>\$37,811,026</u>	<u>\$37,811,026</u>

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

20. RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2009.

21. SUBSEQUENT EVENTS

The Town issued a Bond Anticipation Note, maturing July 7, 2010, at an interest rate of 2.96%, to pay off the existing \$2,635,000, 4.3% Bond Anticipation Note maturing July 8, 2009.

In July 2009, the State of Rhode Island began busing the Smithfield School Departments' special needs and out-of-district students. As a result, six less buses were required as part of the bus contract with DATTCO. The School Department re-negotiated the contract in August, 2009 with a different pricing agreement and new contract end date of June 2012.

22. PRIOR PERIOD ADJUSTMENTS

The Town previously reported the Accrued Retirement Plan fund as a Fiduciary fund when in fact it is a special revenue fund only subject to Town restrictions. A reclassification from Fiduciary Net Assets to Governmental Activities Net Assets in the amount of \$845,809 will record this fund in the proper location for Financial Statement purposes.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Original Budget	Revised Budget	Carryover of Prior Year Balance	Final Budget	Actual Revenues	Variance
General property taxes						
Property taxes (includes state phase-out)	\$ 47,730,797	\$ 47,730,797	\$ -	\$ 47,730,797	\$ 48,402,854	\$ 672,057
Total general property taxes	<u>47,730,797</u>	<u>47,730,797</u>	<u>-</u>	<u>47,730,797</u>	<u>48,402,854</u>	<u>672,057</u>
Intergovernmental revenues						
State aid for education	5,743,657	5,038,703	-	5,038,703	4,832,845	(205,858)
Federal revenue - SFSS	-	-	-	-	373,470	373,470
School housing aid	320,000	320,000	-	320,000	353,668	33,668
State hotel and meals tax	475,000	475,000	-	475,000	524,181	49,181
General state aid	1,582,733	1,582,733	-	1,582,733	742,742	(839,991)
Public utilities tax	200,658	200,658	-	200,658	180,989	(19,669)
Total intergovernmental revenues	<u>8,322,048</u>	<u>7,617,094</u>	<u>-</u>	<u>7,617,094</u>	<u>7,007,895</u>	<u>(609,199)</u>
Licenses, fees and permits						
	680,000	680,000	-	680,000	714,910	34,910
Interest income:						
Interest - short-term investments	250,000	250,000	-	250,000	255,229	5,229
Interest on taxes	220,000	220,000	-	220,000	346,685	126,685
Total interest income	<u>470,000</u>	<u>470,000</u>	<u>-</u>	<u>470,000</u>	<u>601,914</u>	<u>131,914</u>
Departmental revenue:						
Police department	-	-	-	-	357,858	357,858
School department	473,500	473,500	-	473,500	305,836	(167,664)
Miscellaneous	42,000	42,000	-	42,000	303,803	261,803
Total departmental revenues	<u>515,500</u>	<u>515,500</u>	<u>-</u>	<u>515,500</u>	<u>967,497</u>	<u>451,997</u>
Total revenues before other financing sources	<u>57,718,345</u>	<u>57,013,391</u>	<u>-</u>	<u>57,013,391</u>	<u>57,695,070</u>	<u>681,679</u>
Other financing sources						
Appropriated fund balance	1,070,000	1,070,000	2,372,372	3,442,372	3,442,372	-
Transfer from other funds	2,750,444	2,750,444	-	2,750,444	2,654,844	(95,600)
Total other financing sources	<u>3,820,444</u>	<u>3,820,444</u>	<u>2,372,372</u>	<u>6,192,816</u>	<u>6,097,216</u>	<u>(95,600)</u>
Total revenue and other financing sources	<u>\$ 61,538,789</u>	<u>\$ 60,833,835</u>	<u>\$ 2,372,372</u>	<u>\$ 63,206,207</u>	<u>\$ 63,792,286</u>	<u>\$ 586,079</u>

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
 Budgetary Comparison Schedule - General Fund
 Schedule of Expenditures - Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended June 30, 2009

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Appropriation Adjustments	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Capital Project Appropriations Reserved for Future Years	Variance
General government:									
Town Administration and Solicitor	\$ 774,310	\$ 75,420	\$ -	\$ 849,730	\$ 806,863	\$ 99,350	\$ 906,213	\$ 50,000	\$ (56,483)
Building Inspectors Office	304,614	-	-	304,614	279,587	-	279,587	-	25,027
Tax Assessor's Office	201,345	-	-	201,345	197,315	-	197,315	-	4,030
Treasurer/Tax Collectors Office	460,409	-	-	460,409	413,339	-	413,339	-	47,070
Tax sale and collections	26,000	-	-	26,000	105,719	-	105,719	-	(79,719)
Town Clerks Office	290,837	-	-	290,837	301,200	-	301,200	-	(10,363)
Town Hall expense	606,220	131,878	-	738,098	334,921	189,280	524,201	189,937	213,897
Environmental affairs	287,993	129,520	-	417,513	265,144	138,252	403,396	-	14,117
Municipal Planners Office	172,130	27,024	-	199,154	94,618	46,639	141,257	-	57,897
Board of Canvassers/Elections	23,700	-	-	23,700	34,281	-	34,281	-	(10,581)
Conservation Commission/Green Acre	18,050	-	-	18,050	12,602	-	12,602	-	5,448
Town Boards and Commissions	30,975	-	-	30,975	44,165	-	44,165	-	(13,190)
Total General Government	3,196,583	363,842	-	3,560,425	2,889,754	473,521	3,363,275	239,937	197,150
Public Safety:									
Police Department	4,494,394	-	-	4,494,394	4,657,385	-	4,657,385	2,427	(162,991)
Fire Department	4,568,234	-	-	4,568,234	4,592,393	-	4,592,393	90,534	(24,159)
Animal Control	111,614	-	-	111,614	108,693	-	108,693	-	2,921
Civil Defense	8,670	450	-	9,120	7,039	2,081	9,120	-	-
Total Public Safety	9,182,912	450	-	9,183,362	9,365,510	2,081	9,367,591	92,961	(184,229)
Public Works:									
Payroll and operating expense	1,627,424	550	-	1,627,974	1,378,316	22,016	1,400,332	-	227,642
Rubbish and garbage collection	975,000	-	-	975,000	963,888	-	963,888	-	11,112
Street lights	225,000	-	-	225,000	230,393	-	230,393	-	(5,393)
Hydrant service	170,000	57,119	-	227,119	145,865	81,254	227,119	-	-
Highway resurfacing	75,000	92,480	-	167,480	13,412	154,068	167,480	-	-
Highway drainage	25,000	21,555	-	46,555	571	45,983	46,554	-	1
Landfill program	335,000	68,567	-	403,567	223,844	179,723	403,567	-	-
Capital improvements	-	-	-	-	-	-	-	127,761	-
Total Public Works	3,432,424	240,271	-	3,672,695	2,956,289	483,044	3,439,333	127,761	233,362
Public Health and Assistance:									
Northwest Community Nursing	20,000	-	-	20,000	20,000	-	20,000	-	-
Mental Health Services of N.W. RI	13,000	-	-	13,000	13,000	-	13,000	-	-
General Public Assistance	6,675	-	-	6,675	12,058	-	12,058	-	(5,383)
Total Public Health and Assistance	39,675	-	-	39,675	45,058	-	45,058	-	(5,383)
Recreation:									
Parks and Recreation Department	580,953	26,731	-	607,684	466,165	32,998	499,163	122,174	108,521
Total Recreation	580,953	26,731	-	607,684	466,165	32,998	499,163	122,174	108,521
Debt Service:									
Redemption of Bonds and Notes	2,200,000	701,432	-	2,901,432	1,685,000	866,432	2,551,432	-	350,000
Financing cost	-	76,588	-	76,588	37,043	52,859	89,902	-	(13,314)
Interest on Bonds and Notes	925,700	910,555	-	1,836,255	662,168	840,773	1,502,941	-	333,314
Total Debt Service	3,125,700	1,688,575	-	4,814,275	2,384,211	1,760,064	4,144,275	-	670,000

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
 Budgetary Comparison Schedule - General Fund
 Schedule of Expenditures - Budget and Actual (Budgetary Basis)
 For the Fiscal Year Ended June 30, 2009

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Appropriation Adjustments	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Capital Project Appropriations Reserved for Future Years	Variance
Miscellaneous - Town:									
Retirement Fund	2,226,000	-	-	2,226,000	2,334,730	-	2,334,730	-	(108,730)
Capital Reserve Fund - Fire Truck	-	-	-	-	64,000	-	64,000	-	(64,000)
Merit Escrow	100,000	-	-	100,000	-	-	-	-	100,000
GASB 34 Compliance	50,000	-	-	50,000	-	-	-	-	50,000
Social Security Taxes	950,000	-	-	950,000	870,450	-	870,450	-	79,550
Georgiaville Pond Association	1,000	-	-	1,000	1,000	-	1,000	-	-
Unemployment Compensation	20,000	-	-	20,000	11,866	-	11,866	-	8,134
Insurance	495,000	-	-	495,000	475,050	-	475,050	-	19,950
Blue Cross/Delta Dental	3,200,000	-	-	3,200,000	2,525,665	-	2,525,665	-	674,335
Blackstone Valley Tourism	1,000	-	-	1,000	1,000	-	1,000	-	-
Northern RI Chamber of Commerce	1,500	-	-	1,500	1,300	-	1,300	-	200
Senior Services, Inc.	1,000	-	-	1,000	1,000	-	1,000	-	-
Postage	50,000	-	-	50,000	37,576	-	37,576	-	12,424
Tn -Town E.O.C.	14,000	-	-	14,000	14,000	-	14,000	-	-
Equipment Acquisition Fund	25,000	-	-	25,000	-	-	-	-	25,000
Decorating Soldiers Graves	700	-	-	700	700	-	700	-	-
Northern RI Extension Services	4,500	-	-	4,500	4,500	-	4,500	-	-
League of Cities and Towns	9,000	-	-	9,000	9,000	-	9,000	-	-
Retired Senior Volunteer Program	5,000	-	-	5,000	5,000	-	5,000	-	-
Volunteer Center of RI	500	-	-	500	500	-	500	-	-
Woonasquackett Watershed	5,000	-	-	5,000	5,000	-	5,000	-	-
National Council of Boy Scouts	500	-	-	500	500	-	500	-	-
The Samaritans	100	-	-	100	100	-	100	-	-
Greenville Library Capital Reimb	5,500	-	-	5,500	5,500	-	5,500	-	-
RI Resource Consulting & Development	100	-	-	100	100	-	100	-	-
Dora C. Howard	20,000	-	-	20,000	20,000	-	20,000	-	-
Sewer Assessments	4,000	30,825	-	34,825	840	33,985	34,825	-	-
Historical Society	5,000	-	-	5,000	5,000	-	5,000	-	-
Senior Activities Center	346,103	14,921	-	361,024	336,088	14,921	351,009	13,728	10,015
North Central Chamber of Commerce	500	-	-	500	700	-	700	-	(200)
Handicapped Access	-	6,757	-	6,757	2,127	4,629	6,756	-	1
Reserve for Unpaid Taxes and Abatelements	100,000	-	-	100,000	-	-	-	-	100,000
Land Trust	5,250	-	-	5,250	3,133	-	3,133	-	2,117
Total Miscellaneous - Town	7,646,253	52,503	-	7,698,756	6,736,425	53,535	6,789,960	13,728	908,796
Transfers to other funds:									
School unrestricted fund - appropriation	26,569,793	-	-	26,569,793	26,422,217	-	26,422,217	-	167,576
State aid for education	5,743,657	-	(704,954)	5,038,703	4,832,809	-	4,832,809	-	205,894
Federal revenue - SFSF	-	-	-	-	373,470	-	373,470	-	(373,470)
East Smithfield Neighborhood Center	19,840	-	-	19,840	19,840	-	19,840	-	-
East Smithfield Neighborhood Public Library	445,694	-	-	445,694	445,694	-	445,694	-	-
Greenville Public Library	300,000	-	-	300,000	710,315	-	710,315	-	-
Municipal Escrow	100,000	-	-	100,000	300,000	-	300,000	-	-
Post Employment Escrow	50,000	-	-	50,000	100,000	-	100,000	-	-
Revaluation Escrow	324,990	-	-	324,990	50,000	-	50,000	-	-
Capital Reserve	50,000	-	-	50,000	324,990	-	324,990	-	-
Retirement Escrow	50,000	-	-	50,000	50,000	-	50,000	-	-
Fire Department Headquarters	-	-	-	-	9,180	-	9,180	-	(9,180)
Transfer to Other Funds	-	-	-	-	33,728	-	33,728	-	(33,728)
Land Trust 2007 & 2008	-	-	-	-	413,282	-	413,282	-	(413,282)
Capital Reserve 2007 & 2008	-	-	-	-	826,564	-	826,564	-	(826,564)
Woods Plat Special Drainage	-	-	-	-	167,542	-	167,542	-	(167,542)
Senior Center	-	-	-	-	67,105	-	67,105	-	(67,105)
Total transfers	34,334,289	-	(704,954)	33,629,335	35,146,736	-	35,146,736	-	(1,517,401)
Total Expenditures and other financing uses	\$ 61,538,789	\$ 2,372,372	\$ (704,954)	\$ 63,206,207	\$ 59,950,148	\$ 2,805,243	\$ 62,795,391	\$ 596,561	\$ 410,816

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - School Special Revenue Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2009

	Original Budget	Revised Budget	Actual	Variance
Revenues				
Other	-	-	22,434	22,434
Total revenue	<u>-</u>	<u>-</u>	<u>22,434</u>	<u>22,434</u>
Expenditures				
Salaries	19,723,666	19,723,666	19,384,840	338,826
Benefits	7,138,078	6,433,124	6,226,679	206,445
Purchased Services	4,114,572	4,114,572	3,512,521	602,051
Supplies & Utilities	1,217,653	1,217,653	1,184,466	33,187
Other	60,638	60,638	34,001	26,637
Capital:				
Capital outlay	971,715	971,715	581,977	389,738
Total expenditures	<u>33,226,322</u>	<u>32,521,368</u>	<u>30,924,484</u>	<u>1,596,884</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(33,226,322)</u>	<u>(32,521,368)</u>	<u>(30,902,050)</u>	<u>1,619,318</u>
Other financing sources				
Appropriated use of fund balance	892,872	892,872	892,872	-
Operating transfer from town state-aid	5,743,567	5,038,613	4,832,809	(205,804)
Federal revenue - SFSF	-	-	373,470	373,470
Operating transfer from town appropriation	26,039,883	26,039,883	25,872,217	(167,666)
Operating transfer from town for capital	550,000	550,000	550,000	-
Total other financing sources	<u>33,226,322</u>	<u>32,521,368</u>	<u>32,521,368</u>	<u>-</u>
Excess revenues and other sources over (under) expenditures and other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,619,318</u>	<u>\$ 1,619,318</u>

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2009**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2009:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 996,895
Fund balance re-appropriated (RUBS).....	2,805,243
Fund balance appropriations	(3,442,372)
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 359,766</u>

The following reconciliation summarizes the differences for the School's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2009:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$1,619,318
Use of accumulated fund balance	<u>(892,872)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 726,446</u>

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2009**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>June 30,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>General Employees</u>						
2005	\$18,025,550	\$16,265,163	\$(1,760,387)	111%	\$5,349,863	(33)%
2006	\$18,912,050	\$17,786,263	\$(1,125,787)	106%	\$5,728,180	(20)%
2007	\$20,947,094	\$19,690,529	\$(1,256,566)	106%	\$6,269,152	(20)%
2008	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
2009	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
<u>Police Units</u>						
2005	\$ 519,314	\$ 511,054	\$ (8,260)	102%	\$ 540,015	(2)%
2006	\$ 753,241	\$ 768,948	\$ 15,707	98%	\$ 935,323	2%
2007	\$2,300,407	\$5,658,675	\$3,358,268	41%	\$2,269,775	148%
2008	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
2009	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

*Actuarial report not issued as of date of issuance of the Town of Smithfield's Financial Statements.

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended <u>June 30,</u>	Annual Required Contribution	Amount Contributed	Percentage Contributed
<u>General Employees</u>			
2007	\$76,040	\$76,040	100%
2008	\$128,754	\$128,754	100%
2009	\$457,197	\$457,197	100%
<u>Police</u>			
2007	\$276,558	\$276,558	100%
2008	\$671,315	\$671,315	100%
2009	\$506,315	\$506,315	100%

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2009**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)**

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2007
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent closed
Remaining amortization period	N/A – No unfunded actuarial accrued liability
Asset valuation method	3 year smoothed market value of assets
Actuarial assumptions:	
Investment rate of return	8.25%, compounded annually
Projected salary increases	4.5%, compounded annually
Cost-of-living adjustments	3.0% not compounded
Inflation	3.0% annually

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2009

	Original Budget	Revised Budget	Actual	Variance
Revenues				
General property tax	\$ 47,730,797	\$ 47,730,797	\$ 48,402,854	\$ 672,057
Intergovernmental	8,322,048	7,617,094	7,007,895	(609,199)
License, fees and permits	680,000	680,000	714,910	34,910
Interest income	470,000	470,000	601,914	131,914
Departmental	515,500	515,500	967,497	451,997
Total Revenues	<u>57,718,345</u>	<u>57,013,391</u>	<u>57,695,070</u>	<u>681,679</u>
Expenditures				
General government	3,196,583	3,560,425	3,363,275	197,150
Public safety	9,182,912	9,183,362	9,367,591	(184,229)
Public works	3,432,424	3,672,695	3,439,333	233,362
Public health and assistance	39,675	39,675	45,058	(5,383)
Recreation	580,953	607,684	499,163	108,521
Other	7,646,253	7,698,756	6,789,960	908,796
Debt service:				
Principal	2,200,000	2,901,432	2,551,432	350,000
Interest	925,700	1,836,255	1,502,941	333,314
Other	-	76,588	89,902	(13,314)
Total expenditures	<u>27,204,500</u>	<u>29,576,872</u>	<u>27,648,655</u>	<u>1,928,217</u>
Excess of revenues over expenditures before operating transfers	<u>30,513,845</u>	<u>27,436,519</u>	<u>30,046,415</u>	<u>2,609,896</u>
Other financing sources and (uses)				
Appropriated fund balance	1,070,000	3,442,372	3,442,372	-
Transfer from other funds	2,750,444	2,750,444	2,654,844	(95,600)
Transfer to other funds	(34,334,289)	(33,629,335)	(35,146,736)	(1,517,401)
Total operating transfers	<u>(30,513,845)</u>	<u>(27,436,519)</u>	<u>(29,049,520)</u>	<u>(1,613,001)</u>
Excess of revenues over expenditures and operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996,895</u>	<u>\$ 996,895</u>

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	Special Revenue Restricted Town	Special Revenue Restricted School	Special Revenue Restricted Accrued Retirement	Capital Projects Fund	Permanent Fund Cemetery Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 3,472,856	\$ -	\$ 859,472	\$ 3,038,051	\$ 63,259	\$ 7,433,638
Loans receivable	4,890	-	-	-	-	4,890
Internal balances	1,749,368	51,833	50,000	175,431	-	2,026,632
Intergovernmental receivables	43,236	314,528	-	72,473	-	430,237
Total assets	<u>\$ 5,270,350</u>	<u>\$ 366,361</u>	<u>\$ 909,472</u>	<u>\$ 3,285,955</u>	<u>\$ 63,259</u>	<u>\$ 9,895,397</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 23,507	\$ -	\$ -	\$ 796,749	\$ -	\$ 820,256
Internal balances	491,510	314,528	-	4,812,206	-	5,618,244
Deferred revenue	24,686	51,833	-	-	-	76,519
Other liabilities	130,557	-	-	-	-	130,557
Total liabilities	<u>670,260</u>	<u>366,361</u>	<u>-</u>	<u>5,608,955</u>	<u>-</u>	<u>6,645,576</u>
Fund balances (deficits)						
Reserved for:						
Perpetual care	-	-	-	-	63,259	63,259
Unreserved	4,600,090	-	909,472	(2,323,000)	-	3,186,562
Total Fund balances (deficits)	<u>4,600,090</u>	<u>-</u>	<u>909,472</u>	<u>(2,323,000)</u>	<u>63,259</u>	<u>3,249,821</u>
Total liabilities and fund balances	<u>\$ 5,270,350</u>	<u>\$ 366,361</u>	<u>\$ 909,472</u>	<u>\$ 3,285,955</u>	<u>\$ 63,259</u>	<u>\$ 9,895,397</u>

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Special Revenue Restricted Town	Special Revenue Restricted School	Special Revenue Restricted Accrued Retirement	Capital Projects Fund	Permanent Fund Cemetery Fund	Totals
Revenues						
Interest on investments	\$ 39,257	-	\$ 13,676	\$ 23,570	\$ 473	\$ 76,976
Intergovernmental revenue	316,226	815,162	-	143,691	-	1,275,079
Other	841,859	52,756	-	122,587	-	1,017,202
Total Revenues	<u>1,197,342</u>	<u>867,918</u>	<u>13,676</u>	<u>289,848</u>	<u>473</u>	<u>2,369,257</u>
Expenditures						
General government	96,660	-	13	-	-	96,673
Public safety	280,902	-	-	-	-	280,902
Public works	-	-	-	14,626	-	14,626
Education	-	867,918	-	150,000	-	1,017,918
Community development	104,629	-	-	-	-	104,629
Capital:						
Capital outlay	997,052	-	-	1,856,149	-	2,853,201
Total expenditures	<u>1,479,243</u>	<u>867,918</u>	<u>13</u>	<u>2,020,775</u>	<u>-</u>	<u>4,367,949</u>
Excess of revenues over (under) expenditures	(281,901)	-	13,663	(1,730,927)	473	(1,998,692)
Other Financing Sources (uses)						
Operating transfers in	2,057,897	-	50,000	243,940	-	2,351,837
Operating transfers out	(877,002)	-	-	(408,294)	-	(1,285,296)
Total other financing sources	<u>1,180,895</u>	<u>-</u>	<u>50,000</u>	<u>(164,354)</u>	<u>-</u>	<u>1,066,541</u>
Excess of revenues and other sources over (under) expenditures and other uses	898,994	-	63,663	(1,895,281)	473	(932,151)
FUND BALANCE - beginning	<u>3,701,096</u>	<u>-</u>	<u>-</u>	<u>(427,719)</u>	<u>62,786</u>	<u>3,336,163</u>
Prior Period Adjustment (Note 22)	-	-	845,809	-	-	845,809
FUND BALANCE - beginning (restated)	<u>3,701,096</u>	<u>-</u>	<u>845,809</u>	<u>(427,719)</u>	<u>62,786</u>	<u>4,181,972</u>
FUND BALANCE - ending	<u>\$ 4,600,090</u>	<u>\$ -</u>	<u>\$ 909,472</u>	<u>\$ (2,323,000)</u>	<u>\$ 63,259</u>	<u>\$ 3,249,821</u>

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2009

	Fire Apparatus	Municipal Contingency Escrow	Revaluation Fund	Smithfield Fire Rescue	Scholarship Fund	Recreation Capital	Review Fees	Animal Control Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ 411,154	\$ 414,725	\$ 1,002,056	\$ 4,479	\$ 24,850	\$ 105,094	\$ 13,475
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	-	150,000	50,000	-	-	-	7,593	542
Intergovernmental receivables	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 561,154	\$ 464,725	\$ 1,002,056	\$ 4,479	\$ 24,850	\$ 112,687	\$ 14,017
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 4,307	\$ 3,643	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	401,794	-	24,000	-	-
Deferred revenues	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	4,307	405,437	-	24,000	-	-
Fund balances (deficits)	-	561,154	460,418	596,619	4,479	850	112,687	14,017
Total liabilities and fund balances	\$ -	\$ 561,154	\$ 464,725	\$ 1,002,056	\$ 4,479	\$ 24,850	\$ 112,687	\$ 14,017

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2009

	Special Projects Fund	Animal Control Spay Neuter	RI DOH Alcohol Grant	CDBG Grant Funds	Inspection Fees	Senior Center	Capital Reserve	Land Trust
ASSETS								
Cash and cash equivalents	\$ 118,041	\$ 3,047	\$ -	\$ 13,649	\$ 291,962	\$ -	\$ 343,156	\$ 63,015
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	-	1,177	-	-	-	106,451	851,554	395,704
Intergovernmental receivables	-	-	3,206	4,000	-	-	-	-
Total assets	\$ 118,041	\$ 4,224	\$ 3,206	\$ 17,649	\$ 291,962	\$ 106,451	\$ 1,194,710	\$ 458,719
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Internal balances	85	-	3,206	-	-	-	-	-
Deferred revenues	-	-	-	13,649	-	-	-	-
Other liabilities	-	-	-	-	113,225	-	-	-
Total liabilities	85	-	3,206	17,649	113,225	-	-	-
Fund balances (deficits)	117,956	4,224	-	-	178,737	106,451	1,194,710	458,719
Total liabilities and fund balances	\$ 118,041	\$ 4,224	\$ 3,206	\$ 17,649	\$ 291,962	\$ 106,451	\$ 1,194,710	\$ 458,719

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2009

	Historical Records	RI DOH Tobacco Grant	EMA-EOP	Document Preservation & Tech Upgrades	Police Confiscated Funds	EMA-Radio	Senior Center	Revolving Loan Fund
ASSETS								
Cash and cash equivalents	\$ 18,163	-	\$ 5,000	\$ 122,787	\$ 15,841	\$ 6,021	\$ 1	\$ -
Loans receivable	-	-	-	-	-	-	-	4,890
Internal balances	4,928	-	-	-	-	-	20,780	21,271
Intergovernmental receivables	-	1,421	-	-	-	-	-	-
Total assets	\$ 23,091	\$ 1,421	\$ 5,000	\$ 122,787	\$ 15,841	\$ 6,021	\$ 20,781	\$ 26,161
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	-	\$ -	\$ 125	\$ -	\$ 629	\$ 230	\$ -
Internal balances	-	1,394	-	32,758	-	500	-	-
Deferred revenues	-	27	5,000	-	-	-	-	-
Other liabilities	-	-	-	-	15,841	-	1,491	-
Total liabilities	-	1,421	5,000	32,883	15,841	1,129	1,721	-
Fund balances (deficits)	23,091	-	-	89,904	-	4,892	19,060	26,161
Total liabilities and fund balances	\$ 23,091	\$ 1,421	\$ 5,000	\$ 122,787	\$ 15,841	\$ 6,021	\$ 20,781	\$ 26,161

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2009

	Byrne Grant	Bulletproof Vest Grant	RIDOT Click It or Ticket	Operation Blue Riptide	Kennedy Grant	RIDOT Passenger Safety	Fire Prevention	Senior Center Memorial Donations
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,169	\$ -
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	6,010	-	-	-	-	-	-	703
Intergovernmental receivables	-	-	1,533	1,285	22,230	3,211	-	-
Total assets	\$ 6,010	\$ -	\$ 1,533	\$ 1,285	\$ 22,230	\$ 3,211	\$ 31,169	\$ 703
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,573	\$ -	\$ -	\$ -
Internal balances	-	-	1,533	1,285	11,657	3,211	3,737	-
Deferred revenues	6,010	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	6,010	-	1,533	1,285	22,230	3,211	3,737	-
Fund balances (deficits)	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 6,010	\$ -	\$ 1,533	\$ 1,285	\$ 22,230	\$ 3,211	\$ 31,169	\$ 703

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2009

	Post Employment Escrow	Homeland Security Grant	Tri-Town Alcohol Grant	JAG Stimulus Grant	GPA Welfare	Senior Center Expansion Donations	Town Special Revenue Totals
ASSETS							
Cash and cash equivalents	\$ 455,910	-	\$ -	\$ -	\$ -	\$ 9,261	\$ 3,472,856
Loans receivable	-	-	-	-	-	-	4,890
Internal balances	100,000	-	-	-	32,655	-	1,749,368
Intergovernmental receivables	-	-	1,306	5,044	-	-	43,236
Total assets	<u>\$ 555,910</u>	<u>\$ -</u>	<u>\$ 1,306</u>	<u>\$ 5,044</u>	<u>\$ 32,655</u>	<u>\$ 9,261</u>	<u>\$ 5,270,350</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,507
Internal balances	-	-	1,306	5,044	-	-	491,510
Deferred revenues	-	-	-	-	-	-	24,686
Other liabilities	-	-	-	-	-	-	130,557
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306</u>	<u>\$ 5,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,260</u>
Fund balances (deficits)	<u>555,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,655</u>	<u>9,261</u>	<u>4,600,090</u>
Total liabilities and fund balances	<u>\$ 555,910</u>	<u>\$ -</u>	<u>\$ 1,306</u>	<u>\$ 5,044</u>	<u>\$ 32,655</u>	<u>\$ 9,261</u>	<u>\$ 5,270,350</u>

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2009

	Fire Apparatus	Municipal Contingency Escrow	Revaluation Fund	Smithfield Fire Rescue	Scholarship Fund	Recreation Capital	Review Fees	Animal Control Fund
REVENUES								
Interest on Investments	\$ 2	\$ 190	\$ 5,190	\$ 8,982	\$ 8	\$ 215	\$ 809	\$ 15
Intergovernmental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	679,723	-	-	7,593	1,354
Total Revenues	2	190	5,190	688,705	8	215	8,402	1,369
EXPENDITURES:								
General government	-	-	4,307	-	-	-	-	-
Public safety	-	-	-	46,118	-	-	-	3,612
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	253,703	-	-	-	-
Total Expenditures	-	-	4,307	299,821	-	-	-	3,612
Excess of revenues over (under) expenditures before other financing sources (uses)	2	190	883	388,884	8	215	8,402	(2,243)
Other Financing Sources (uses)								
Operating transfers in	-	300,000	50,000	-	-	-	-	-
Operating transfers out	(2)	(150,000)	-	(403,000)	-	(24,000)	-	-
Total other financing sources	(2)	150,000	50,000	(403,000)	-	(24,000)	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	150,190	50,883	(14,116)	8	(23,785)	8,402	(2,243)
FUND BALANCE - beginning	-	410,964	409,535	610,735	4,471	24,635	104,285	16,260
FUND BALANCE - ending	-	561,154	460,418	596,619	4,479	850	112,687	14,017

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2009

	Special Projects Fund	Animal Control Spay Neuter	RI DOH Alcohol Grant	CDBG Grant Funds	Inspection Fees	Senior Center	Capital Reserve	Land Trust
REVENUES								
Interest on Investments	\$ 7,807	\$ 4	\$ -	\$ 47	\$ 294	\$ -	\$ 4,279	\$ 5,002
Intergovernmental revenue	-	-	4,022	100,492	-	-	-	-
Other	48,879	1,327	-	-	-	-	-	-
Total Revenues	<u>56,686</u>	<u>1,331</u>	<u>4,022</u>	<u>100,539</u>	<u>294</u>	<u>-</u>	<u>4,279</u>	<u>5,002</u>
EXPENDITURES:								
General government	-	-	-	-	17,556	-	-	10,423
Public safety	85	150	4,022	-	-	-	-	-
Community development	-	-	-	100,539	-	-	-	-
Capital:								
Capital outlay	300,000	-	-	-	-	-	-	443,349
Total Expenditures	<u>300,085</u>	<u>150</u>	<u>4,022</u>	<u>100,539</u>	<u>17,556</u>	<u>-</u>	<u>-</u>	<u>453,772</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	(243,399)	1,181	-	-	(17,262)	-	4,279	(448,770)
Other Financing Sources (uses)								
Operating transfers in	-	-	-	-	-	-	1,151,554	413,282
Operating transfers out	-	-	-	-	-	-	(300,000)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851,554</u>	<u>413,282</u>
Excess of revenues and other sources over (under) expenditures and other uses	(243,399)	1,181	-	-	(17,262)	-	855,833	(35,488)
FUND BALANCE - beginning	<u>361,355</u>	<u>3,043</u>	<u>-</u>	<u>-</u>	<u>195,999</u>	<u>106,451</u>	<u>338,877</u>	<u>494,207</u>
FUND BALANCE - ending	<u>\$ 117,956</u>	<u>\$ 4,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,737</u>	<u>\$ 106,451</u>	<u>\$ 1,194,710</u>	<u>\$ 458,719</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2009

	Historical Records	RI DOH Tobacco Grant	EMA-EOP	Document Preservation & Tech Upgrades	Police Confiscated Funds	EMA- Radio	Senior Center	Revolving Loan Fund
REVENUES								
Interest on Investments	\$ 7	\$ -	\$ -	\$ 117	\$ -	\$ -	\$ -	\$ 90
Intergovernmental revenue	-	2,164	-	-	-	1,499	-	-
Other	4,928	-	-	19,419	-	-	30,750	-
Total Revenues	<u>4,935</u>	<u>2,164</u>	<u>-</u>	<u>19,536</u>	<u>-</u>	<u>1,499</u>	<u>30,750</u>	<u>90</u>
EXPENDITURES:								
General government	-	-	-	52,302	-	-	11,690	-
Public safety	-	2,164	-	-	-	1,701	-	-
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>2,164</u>	<u>-</u>	<u>52,302</u>	<u>-</u>	<u>1,701</u>	<u>11,690</u>	<u>-</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	4,935	-	-	(32,766)	-	(202)	19,060	90
Other Financing Sources (uses)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	4,935	-	-	(32,766)	-	(202)	19,060	90
FUND BALANCE - beginning	<u>18,156</u>	<u>-</u>	<u>-</u>	<u>122,670</u>	<u>-</u>	<u>5,094</u>	<u>-</u>	<u>26,071</u>
FUND BALANCE - ending	<u>\$ 23,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,904</u>	<u>\$ -</u>	<u>\$ 4,892</u>	<u>\$ 19,060</u>	<u>\$ 26,161</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2009

	Byrne Grant	Bulletproof Vest Grant	RIDOT Click It or Ticket	Operation Blue Riptide	Kennedy Grant	RIDOT Passenger Safety	Fire Prevention	Senior Center Memorial Donations
REVENUES								
Interest on Investments	\$ -	-	\$ -	-	\$ -	-	\$ 512	\$ -
Intergovernmental revenue	6,569	320	2,068	11,251	32,642	8,957	-	-
Other	-	-	-	-	-	-	44,736	205
Total Revenues	<u>6,569</u>	<u>320</u>	<u>2,068</u>	<u>11,251</u>	<u>32,642</u>	<u>8,957</u>	<u>45,248</u>	<u>205</u>
EXPENDITURES:								
General government	-	-	-	-	-	-	-	382
Public safety	6,569	320	2,068	11,251	32,642	8,957	15,001	-
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>6,569</u>	<u>320</u>	<u>2,068</u>	<u>11,251</u>	<u>32,642</u>	<u>8,957</u>	<u>15,001</u>	<u>382</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-	-	-	30,247	(177)
Other Financing Sources (uses)								
Operating transfers in	-	-	-	-	-	-	2	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	2	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-	-	-	30,249	(177)
FUND BALANCE - beginning	-	-	-	-	-	-	(2,817)	880
FUND BALANCE - ending	-	-	-	-	-	-	<u>27,432</u>	<u>703</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2009

	Post Employment Escrow	Homeland Security Grant	Tri-Town Alcohol Grant	JAG Stimulus Grant	GPA Welfare	Senior Center Expansion Donations	Town Special Revenue Total
REVENUES							
Interest on Investments	\$ 5,685	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 39,257
Intergovernmental revenue	-	126,926	14,272	5,044	-	-	316,226
Other	-	-	-	-	2,945	-	841,859
Total Revenues	5,685	126,926	14,272	5,044	2,945	2	1,197,342
EXPENDITURES:							
General government	-	-	-	-	-	-	96,660
Public safety	-	126,926	14,272	5,044	-	-	280,902
Community development	-	-	-	-	4,090	-	104,629
Capital:							
Capital outlay	-	-	-	-	-	-	997,052
Total Expenditures	-	126,926	14,272	5,044	4,090	-	1,479,243
Excess of revenues over (under) expenditures before other financing sources (uses)	5,685	-	-	-	(1,145)	2	(281,901)
Other Financing Sources (uses)							
Operating transfers in	100,000	-	-	-	33,800	9,259	2,057,897
Operating transfers out	-	-	-	-	-	-	(877,002)
Total other financing sources	100,000	-	-	-	33,800	9,259	1,180,895
Excess of revenues and other sources over (under) expenditures and other uses	105,685	-	-	-	32,655	9,261	898,994
FUND BALANCE - beginning	450,225	-	-	-	-	-	3,701,096
FUND BALANCE - ending	\$ 555,910	\$ -	\$ -	\$ -	\$ 32,655	\$ 9,261	\$ 4,600,090

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2009

	Highway Resurfacing	Building Maintenance	Woods Plat Special Drainage	Handicap Accessibility	Senior Center	Highway Drainage	Sewer Contingency
ASSETS							
Cash and cash equivalents	\$ -	\$ 12,095	\$ 86,961	\$ 10,761	\$ 63,346	\$ 72,044	\$ -
Internal balances	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	\$ -	\$ 12,095	\$ 86,961	\$ 10,761	\$ 63,346	\$ 72,044	\$ -

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	86,961	-	63,346	-	-
Total liabilities	\$ -	\$ -	\$ 86,961	\$ -	\$ 63,346	\$ -	\$ -
Fund balances - Unreserved	-	12,095	-	10,761	-	72,044	-
Total fund balances (deficit)	\$ -	\$ 12,095	\$ -	\$ 10,761	\$ -	\$ 72,044	\$ -
Total liabilities and fund balances	\$ -	\$ 12,095	\$ 86,961	\$ 10,761	\$ 63,346	\$ 72,044	\$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2009

	Green Acres Acquisition Fund	Police Equipment	Impact Fees	Highway Capital Improvements	State Sewer Projects	Open Space and Recreation Area	Drainage
ASSETS							
Cash and cash equivalents	\$ 95,838	\$ 273,515	\$ 178,005	\$ -	\$ -	\$ 4,510	\$ -
Internal balances	-	-	122,587	-	-	-	-
Intergovernmental receivables	-	12,473	-	-	-	-	-
Total assets	\$ 95,838	\$ 285,988	\$ 300,592	\$ -	\$ -	\$ 4,510	\$ -

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	148,850	-	-	-	-	-
Total liabilities	\$ -	\$ 148,850	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances -							
Unreserved	95,838	137,138	300,592	-	-	4,510	-
Total fund balances (deficit)	\$ 95,838	\$ 137,138	\$ 300,592	\$ -	\$ -	\$ 4,510	\$ -
Total liabilities and fund balances	\$ 95,838	\$ 285,988	\$ 300,592	\$ -	\$ -	\$ 4,510	\$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2009

	Deerfield Park	Smithfield Historic Landmark	Middle School Additions	Water District Improvement Fee	Deerfield Park Addition	Senior Center Addition	High School Addition
ASSETS							
Cash and cash equivalents	\$ -	\$ 879	\$ -	\$ 18,686	\$ -	\$ -	\$ -
Internal balances	24,000	-	5,124	-	-	-	23,720
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	<u>\$ 24,000</u>	<u>\$ 879</u>	<u>\$ 5,124</u>	<u>\$ 18,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,720</u>

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	237,426	545,631	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,426</u>	<u>545,631</u>	<u>-</u>
Fund balances -							
Unreserved	24,000	879	5,124	18,686	(237,426)	(545,631)	23,720
Total fund balances (deficit)	<u>24,000</u>	<u>879</u>	<u>5,124</u>	<u>18,686</u>	<u>(237,426)</u>	<u>(545,631)</u>	<u>23,720</u>
Total liabilities and fund balances	<u>\$ 24,000</u>	<u>\$ 879</u>	<u>\$ 5,124</u>	<u>\$ 18,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,720</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2009

	Fire Department Headquarters	Wastewater Facility Improvements	Salt Barn Property	Apple Valley Road Connector	Road Resurfacing	Deerfield Park Wetlands Creation	Library Bond
ASSETS							
Cash and cash equivalents	\$ 2,221,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	60,000	-
Total assets	\$ 2,221,411	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 796,749	\$ -	\$ -
Internal balances	-	-	4,200	2,480	2,920,794	60,494	1,843
Total liabilities	\$ -	\$ -	\$ 4,200	\$ 2,480	\$ 3,717,543	\$ 60,494	\$ 1,843
Fund balances - Unreserved	2,221,411	-	(4,200)	(2,480)	(3,717,543)	(494)	(1,843)
Total fund balances (deficit)	2,221,411	-	(4,200)	(2,480)	(3,717,543)	(494)	(1,843)
Total liabilities and fund balances	\$ 2,221,411	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2009

	Land Acquisition Fund	Totals
ASSETS		
Cash and cash equivalents	\$ -	3,038,051
Internal balances	-	175,431
Intergovernmental receivables	-	72,473
Total assets	\$ -	\$ 3,285,955
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	-	796,749
Internal balances	740,181	4,812,206
Total liabilities	740,181	5,608,955
Fund balances -		
Unreserved	(740,181)	(2,323,000)
Total fund balances (deficit)	(740,181)	(2,323,000)
Total liabilities and fund balances	\$ -	\$ 3,285,955

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Highway Resurfacing	Building Maintenance	Woods Plat Special Drainage	Handicap Accessibility	Senior Center	Highway Drainage	Sewer Contingency
Revenues							
Interest on Investments	\$ 39	\$ 17	\$ 53	\$ 16	\$ 102	\$ 80	\$ 3
Intergovernmental revenue	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>39</u>	<u>17</u>	<u>53</u>	<u>16</u>	<u>102</u>	<u>80</u>	<u>3</u>
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	2,370	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	39	17	(2,317)	16	102	80	3
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	167,655	-	67,105	-	-
Transfers (to) other funds	(39)	-	-	-	-	(36)	(3)
Total other financing sources (uses)	<u>(39)</u>	<u>-</u>	<u>167,655</u>	<u>-</u>	<u>67,105</u>	<u>(36)</u>	<u>(3)</u>
Excess of revenues and other sources over (under) expenditures	-	17	165,338	16	67,207	44	-
FUND BALANCE - beginning	-	12,078	(165,338)	10,745	(67,207)	72,000	-
FUND BALANCE - ending	<u>\$ -</u>	<u>\$ 12,095</u>	<u>\$ -</u>	<u>\$ 10,761</u>	<u>\$ -</u>	<u>\$ 72,044</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Green Acres Acquisition Fund	Police Equipment	Impact Fees	Highway Capital Improvements	State Sewer Projects	Open Space and Recreation Area	Drainage
Revenues							
Interest on Investments	\$ 52	\$ -	\$ 1,610	\$ 3	\$ 5	\$ 39	\$ 27
Intergovernmental revenue	-	131,929	-	-	-	-	-
Other	-	-	122,587	-	-	-	-
Total revenues	<u>52</u>	<u>131,929</u>	<u>124,197</u>	<u>3</u>	<u>5</u>	<u>39</u>	<u>27</u>
Expenditures							
Education	-	-	150,000	-	-	-	-
Public works	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	52	131,929	(25,803)	3	5	39	27
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers (to) other funds	-	(148,850)	(250,000)	(3)	(5)	-	(27)
Total other financing sources (uses)	<u>-</u>	<u>(148,850)</u>	<u>(250,000)</u>	<u>(3)</u>	<u>(5)</u>	<u>-</u>	<u>(27)</u>
Excess of revenues and other sources over (under) expenditures	52	(16,921)	(275,803)	-	-	39	-
FUND BALANCE - beginning	95,786	154,059	576,395	-	-	4,471	-
FUND BALANCE - ending	<u>\$ 95,838</u>	<u>\$ 137,138</u>	<u>\$ 300,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,510</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Deerfield Park	Smithfield Historic Landmark	Middle School Additions	Water District Improvement Fee	Deerfield Park Addition	Senior Center Addition	High School Addition
Revenues							
Interest on Investments	\$ -	\$ 1	\$ -	\$ 40	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	1	-	40	-	-	-
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	75,000
Total expenditures	-	-	-	-	-	-	75,000
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	1	-	40	-	-	(75,000)
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers (to) other funds	-	-	-	-	-	(9,259)	-
Total other financing sources (uses)	-	-	-	-	-	(9,259)	-
Excess of revenues and other sources over (under) expenditures	-	1	-	40	-	(9,259)	(75,000)
FUND BALANCE - beginning	24,000	878	5,124	18,646	(237,426)	(536,372)	98,720
FUND BALANCE - ending	\$ 24,000	\$ 879	\$ 5,124	\$ 18,686	\$ (237,426)	\$ (545,631)	\$ 23,720

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Fire Department Headquarters	Wastewater Facility Improvements	Salt Barn Property	Apple Valley Road Connector	Road Resurfacing	Deerfield Park Wetlands Creation	Library Bond
Revenues							
Interest on Investments	\$ 21,411	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	11,762	-
Other	-	-	-	-	-	-	-
Total revenues	<u>21,411</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,762</u>	<u>-</u>
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	12,256	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	1,781,149	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,781,149</u>	<u>12,256</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>21,411</u>	<u>72</u>	<u>-</u>	<u>-</u>	<u>(1,781,149)</u>	<u>(494)</u>	<u>-</u>
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	9,180	-	-	-	-	-	-
Transfers (to) other funds	-	(72)	-	-	-	-	-
Total other financing sources (uses)	<u>9,180</u>	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>30,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,781,149)</u>	<u>(494)</u>	<u>-</u>
FUND BALANCE - beginning	<u>2,190,820</u>	<u>-</u>	<u>(4,200)</u>	<u>(2,480)</u>	<u>(1,936,394)</u>	<u>-</u>	<u>(1,843)</u>
FUND BALANCE - ending	<u>\$ 2,221,411</u>	<u>\$ -</u>	<u>\$ (4,200)</u>	<u>\$ (2,480)</u>	<u>\$ (3,717,543)</u>	<u>\$ (494)</u>	<u>\$ (1,843)</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Land Acquisition Fund	Totals
Revenues		
Interest on Investments	-	23,570
Intergovernmental revenue	-	143,691
Other	-	122,587
Total revenues	-	289,848
Expenditures		
Education	-	150,000
Public works	-	14,626
Debt service	-	-
Interest expense	-	-
Capital expenditures	-	1,856,149
Total expenditures	-	2,020,775
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(1,730,927)
Other financing sources (uses)		
Proceeds from debt	-	-
Transfers from other funds	-	243,940
Transfers (to) other funds	-	(408,294)
Total other financing sources (uses)	-	(164,354)
Excess of revenues and other sources over (under) expenditures	-	(1,895,281)
FUND BALANCE - beginning	(740,181)	(427,719)
FUND BALANCE - ending	\$ (740,181)	\$ (2,323,000)

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
 Combining Balance Sheet
 June 30, 2009

	School Lunch	Smithfield Ice Risk	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Totals
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 97,820	\$ 956,140	\$ 63,333	\$ 160,642	\$ 4,633	\$ 1,282,568
Investments	-	-	-	159,344	-	159,344
Receivables, net	13,826	56,569	-	-	387	70,782
Due from other governments	22,156	-	-	-	-	22,156
Total Current Assets	133,802	1,012,709	63,333	319,986	5,020	1,534,850
Noncurrent Assets						
Asset restricted to investment in building	-	-	-	6,000	-	6,000
Net capital assets	37,932	737,197	416,612	1,440,633	-	2,632,374
Total Noncurrent Assets	37,932	737,197	416,612	1,446,633	-	2,638,374
TOTAL ASSETS	171,734	1,749,906	479,945	1,766,619	5,020	4,173,224
LIABILITIES						
Current Liabilities						
Accounts payable	65,976	17,343	3,557	4,892	763	92,531
Accrued payroll	-	-	32,342	25,748	1,267	59,357
Deferred revenue	1,268	6,941	-	-	-	8,209
Internal balances	1,555	54,013	-	-	-	55,568
Total Current Liabilities	68,799	78,297	35,899	30,640	2,030	215,665
Noncurrent Liabilities						
Accrued vacation and sick leave	-	40,479	-	-	-	40,479
Total Noncurrent Liabilities	-	40,479	-	-	-	40,479
TOTAL LIABILITIES	68,799	118,776	35,899	30,640	2,030	256,144
NET ASSETS						
Invested in capital assets, net of related debt	37,932	737,197	416,612	1,440,633	-	2,632,374
Unrestricted	65,003	893,933	27,434	295,346	2,990	1,284,706
TOTAL NET ASSETS	\$ 102,935	\$ 1,631,130	\$ 444,046	\$ 1,735,979	\$ 2,990	\$ 3,917,080

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
Operating revenues						
Charges for usage and service	\$ -	\$ 695,854	\$ 8,847	\$ 28,423	\$ 23,189	\$ 756,313
Food sales	538,126	-	-	-	-	538,126
Miscellaneous	162,067	-	4,066	23,853	-	189,986
Total operating revenues	<u>700,193</u>	<u>695,854</u>	<u>12,913</u>	<u>52,276</u>	<u>23,189</u>	<u>1,484,425</u>
Operating expenses						
Salaries and benefits	-	239,523	415,758	627,051	23,528	1,305,860
Operations	693,495	256,597	148,307	321,103	21,112	1,440,614
Depreciation and amortization	5,133	113,468	43,157	69,292	-	231,050
Total operating expenses	<u>698,628</u>	<u>609,588</u>	<u>607,222</u>	<u>1,017,446</u>	<u>44,640</u>	<u>2,977,524</u>
Operating income (loss)	<u>1,565</u>	<u>86,266</u>	<u>(594,309)</u>	<u>(965,170)</u>	<u>(21,451)</u>	<u>(1,493,099)</u>
Non-operating revenues (expenses)						
Town transfer-in	-	-	445,694	710,315	19,840	1,175,849
Interest income	-	8,140	124	3,722	2	11,988
Grants	-	-	119,388	253,152	-	372,540
Interest expense	-	-	-	(918)	-	(918)
Total non-operating (expenses)	<u>-</u>	<u>8,140</u>	<u>565,206</u>	<u>966,271</u>	<u>19,842</u>	<u>1,559,459</u>
Change in Net Assets	<u>1,565</u>	<u>94,406</u>	<u>(29,103)</u>	<u>1,101</u>	<u>(1,609)</u>	<u>66,360</u>
Total Net Assets - Beginning	<u>101,370</u>	<u>1,536,724</u>	<u>473,149</u>	<u>1,734,878</u>	<u>4,599</u>	<u>3,850,720</u>
Total Net Assets - Ending	<u>\$ 102,935</u>	<u>\$ 1,631,130</u>	<u>\$ 444,046</u>	<u>\$ 1,735,979</u>	<u>\$ 2,990</u>	<u>\$ 3,917,080</u>

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
Cash flows from operating activities						
Cash received from customers	\$ 711,587	\$ 692,018	\$ 8,847	\$ 28,423	\$ 22,802	\$ 1,463,677
Cash received from providing services	-	-	4,066	23,853	-	27,919
Cash payments to suppliers for goods and services	(684,130)	(264,099)	(150,185)	(328,807)	(21,369)	(1,448,590)
Cash payments to employees for services	-	(238,191)	(412,733)	(625,898)	(23,778)	(1,300,600)
Net cash provided by (used for) operating activities	<u>27,457</u>	<u>189,728</u>	<u>(550,005)</u>	<u>(902,429)</u>	<u>(22,345)</u>	<u>(1,257,594)</u>
Cash flows from non-capital financing activities						
Nonoperating grants received	-	-	119,388	253,152	-	372,540
Operating transfers	-	-	445,694	710,315	19,840	1,175,849
Interfund loans	(1,205)	(1,593)	-	-	-	(2,798)
Net cash provided by non-capital financing activities	<u>(1,205)</u>	<u>(1,593)</u>	<u>565,082</u>	<u>963,467</u>	<u>19,840</u>	<u>1,545,591</u>
Cash flows from capital and related financing activities						
Principal paid on bonds & notes	-	-	-	(79,525)	-	(79,525)
Additions to capital assets	-	(73,503)	(12,288)	(37,924)	-	(123,715)
Gain on disposition of capital assets	-	17,077	-	-	-	17,077
Interest paid on long term debt	-	-	-	(918)	-	(918)
Net cash (used for) capital and related financing activities	<u>-</u>	<u>(56,426)</u>	<u>(12,288)</u>	<u>(118,367)</u>	<u>-</u>	<u>(187,081)</u>
Cash flows from investing activities						
Interest income	-	8,140	124	3,722	2	11,988
Net purchases of investments	-	-	-	89,802	-	89,802
Net cash provided by investing activities	<u>-</u>	<u>8,140</u>	<u>124</u>	<u>93,524</u>	<u>2</u>	<u>101,790</u>
Net increase (decrease) in cash and cash equivalents	26,252	139,849	2,913	36,195	(2,503)	202,706
Cash and cash equivalents at beginning of year	71,568	816,291	60,420	124,447	7,136	1,079,862
Cash, (cash overdrafts recorded as payables) and cash equivalents at end of year	<u>\$ 97,820</u>	<u>\$ 956,140</u>	<u>\$ 63,333</u>	<u>\$ 160,642</u>	<u>\$ 4,633</u>	<u>\$ 1,282,568</u>

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009
(continued)

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
	\$ 1,565	\$ 86,266	\$ (594,309)	\$ (965,170)	\$ (21,451)	\$ (1,493,099)
Reconciliation of operating income to net cash provided by operating activities						
Operating income (Loss)	5,133	113,468	43,157	69,292	-	231,050
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	11,394	(8,211)	-	-	(387)	2,796
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	-	-	-	(1,000)	-	(1,000)
(Increase) decrease in other assets	11,453	(7,502)	(1,878)	(6,704)	(257)	(4,888)
Increase (decrease) in accounts payable and accrued expenses	-	1,332	3,025	1,153	(250)	5,260
Increase (decrease) in accrued expense	(2,088)	4,375	-	-	-	2,287
Increase (decrease) in deferred revenue	25,892	103,462	44,304	62,741	(894)	235,505
Total adjustments	<u>\$ 27,457</u>	<u>\$ 189,728</u>	<u>\$ (550,005)</u>	<u>\$ (902,429)</u>	<u>\$ (22,345)</u>	<u>\$ (1,257,594)</u>
Net cash provided by operating activities						

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
PUPIL ACTIVITY FUNDS				
Assets				
Cash	\$ 143,229	\$ 479,560	\$ 475,333	\$ 147,456
Total assets	<u>\$ 143,229</u>	<u>\$ 479,560</u>	<u>\$ 475,333</u>	<u>\$ 147,456</u>
Liabilities				
Deposits held in custody for others	\$ 143,229	\$ 479,560	\$ 475,333	\$ 147,456
Total liabilities	<u>\$ 143,229</u>	<u>\$ 479,560</u>	<u>\$ 475,333</u>	<u>\$ 147,456</u>
PROBATE COURT				
Assets				
Cash	\$ 121,959	\$ 122	\$ -	\$ 122,081
Total assets	<u>\$ 121,959</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 122,081</u>
Liabilities				
Deposits held in custody for others	\$ 121,959	\$ 122	\$ -	\$ 122,081
Total liabilities	<u>\$ 121,959</u>	<u>\$ 122</u>	<u>\$ -</u>	<u>\$ 122,081</u>
STREET LIGHTING				
Assets				
Cash	\$ 20,323	\$ 177	\$ 36	\$ 20,464
Total assets	<u>\$ 20,323</u>	<u>\$ 177</u>	<u>\$ 36</u>	<u>\$ 20,464</u>
Liabilities				
Deposits held in custody for others	\$ 20,287	\$ 177	\$ -	\$ 20,464
Internal balances	36	-	36	-
Total liabilities	<u>\$ 20,323</u>	<u>\$ 177</u>	<u>\$ 36</u>	<u>\$ 20,464</u>
SOIL EROSION				
Assets				
Cash	\$ 350,834	\$ 18,754	\$ 10	\$ 369,578
Total assets	<u>\$ 350,834</u>	<u>\$ 18,754</u>	<u>\$ 10</u>	<u>\$ 369,578</u>
Liabilities				
Deposits held in custody for others	\$ 350,834	\$ 18,754	\$ 10	\$ 369,578
Total liabilities	<u>\$ 350,834</u>	<u>\$ 18,754</u>	<u>\$ 10</u>	<u>\$ 369,578</u>
TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 636,345	\$ 498,613	\$ 475,379	\$ 659,579
Total assets	<u>\$ 636,345</u>	<u>\$ 498,613</u>	<u>\$ 475,379</u>	<u>\$ 659,579</u>
Liabilities				
Deposits held in custody for others	\$ 636,309	\$ 498,613	\$ 475,343	\$ 659,579
Internal balances	36	-	36	-
Total liabilities	<u>\$ 636,345</u>	<u>\$ 498,613</u>	<u>\$ 475,379</u>	<u>\$ 659,579</u>

TOWN OF SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2009

Fiscal Year End	Balance July 1, 2008	Current Year Assessment	Additions	Refunds and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2009
2009	\$ -	\$ 44,064,149	\$ 433,736	\$ 18,128	\$ 51,994	\$ 44,464,019	\$ 39,986,078	\$ 4,477,941
2008	4,314,257	-	8,727	17,012	5,480	4,334,516	4,106,157	228,359
2007	192,592	-	146	1,153	1,186	192,705	68,406	124,299
2006	133,149	-	97	710	429	133,527	18,820	114,707
2005	149,710	-	-	-	-	149,710	14,104	135,606
2004	200,322	-	-	22	-	200,344	24,097	176,247
2003	256,888	-	-	-	-	256,888	5,737	251,151
2002	186,005	-	-	15	-	186,020	3,746	182,274
2001	153,416	-	-	-	147,206	6,210	6,210	-
2000 & Prior	218,146	-	-	-	206,836	11,310	11,310	-
Totals	\$ 5,804,485	\$ 44,064,149	\$ 442,706	\$ 37,040	\$ 413,131	\$ 49,935,249	\$ 44,244,665	\$ 5,690,584

Schedule of most recent net assessed property value by category as of December 31, 2007:

Description of Property	Valuations	Levy - Net	Current year collections	Reconciliation of current year property tax revenue:
Real property	\$ 2,735,563,590	\$ 35,956,746	Reserve collected within 60 days subsequent to fiscal year ending June 30, 2009	2,980,553
Motor vehicles	173,975,835	3,805,599	Prior year revenue received in current year	(2,869,288)
Personal property	85,812,960	4,301,804	Adjustments, refunds, liens and interest	(308,315)
<i>Total</i>	<u>2,995,352,385</u>	<u>44,064,149</u>	Current year property tax revenue	<u>\$ 44,047,615</u>
Exemptions	362,930,140	-		
<i>Net assessed value</i>	<u>\$ 2,632,422,245</u>	<u>44,064,149</u>		
Current year assessment		\$ 44,064,149		

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Long-term Liabilities - Primary Government
For the Fiscal Year Ended June 30, 2009

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding July 1, 2008	Additions	Maturities During Year	Outstanding June 30, 2009	Interest Paid	Due within one year
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds Payable										
Capital Improvement Bond 1997	6/15/1997	4.55-6.5%	4/15/2016	\$ 9,160,000	\$ 3,330,000	\$ -	\$ 530,000	\$ 2,800,000	\$ 167,540	\$ 400,000
Capital Improvement Bond 2003	6/25/2003	2.5-5.0%	10/15/2024	8,600,000	6,880,000	-	430,000	6,450,000	244,025	430,000
Total general obligation bonds payable				<u>17,760,000</u>	<u>10,210,000</u>	-	<u>960,000</u>	<u>9,250,000</u>	<u>411,565</u>	<u>830,000</u>
Loans Payable										
Lease Participation Certificate	3/12/2003	various	11/15/2012	7,350,000	3,900,000	-	725,000	3,175,000	150,603	740,000
Total governmental funds bonds & loans payable				<u>25,110,000</u>	<u>14,110,000</u>	-	<u>1,685,000</u>	<u>12,425,000</u>	<u>562,168</u>	<u>1,570,000</u>
Bond Anticipation Notes Payable										
Bond Anticipation Notes	8/11/2008	2.96%	7/8/2009		2,635,000	2,635,000	2,635,000	2,635,000	113,314	2,635,000
Capital Leases Payable					315,894	-	87,336	228,558	14,005	60,960
Equipment Leases					<u>17,060,894</u>	<u>2,635,000</u>	<u>4,407,336</u>	<u>15,288,558</u>	<u>689,487</u>	<u>4,265,960</u>
Total governmental funds bonds, loans, BANs & leases payable										
BUSINESS-TYPE ACTIVITIES										
Notes Payable										
Clean Water	12/12/2007	1.492%	9/1/2022	850,000	850,000	-	49,000	801,000	16,482	50,000
Town of Smithfield	9/12/1991	3.637%	9/12/2010	260,000	79,525	-	79,525	-	2,419	-
Total notes payable				<u>\$ 1,110,000</u>	<u>929,525</u>	-	<u>128,525</u>	<u>801,000</u>	<u>18,901</u>	<u>50,000</u>
Total bonds and notes payable					<u>15,039,525</u>	-	<u>1,813,525</u>	<u>16,089,558</u>	<u>581,069</u>	<u>1,620,000</u>
Accrued expenses										
Net pension obligation					1,441,286	437,442	-	1,878,728	-	-
Net other post employment benefit obligation					-	869,132	-	869,132	-	-
Accrued compensated absences					3,301,311	114,594	-	3,415,905	-	-
Total accrued expenses					<u>4,742,597</u>	<u>1,421,168</u>	-	<u>6,163,765</u>	-	-
Total long term liabilities					<u>\$ 19,782,122</u>	<u>\$ 1,421,168</u>		<u>\$ 22,253,323</u>	<u>\$ 581,069</u>	<u>\$ 1,620,000</u>

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - General Fund
For the Fiscal Year Ended June 30, 2009

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	12.64%	1,570,000	504,275	2,074,275
2011	25.51%	1,600,000	442,475	2,042,475
2012	38.71%	1,640,000	369,325	2,009,325
2013	52.27%	1,685,000	293,313	1,978,313
2014	58.95%	830,000	236,813	1,066,813
2015	65.63%	830,000	201,100	1,031,100
2016	72.31%	830,000	164,550	994,550
2017	75.77%	430,000	132,225	562,225
2018	79.24%	430,000	115,025	545,025
2019-24	100.00%	2,580,000	323,576	2,903,576
		<u><u>\$ 12,425,000</u></u>	<u><u>\$ 2,782,677</u></u>	<u><u>\$ 15,207,677</u></u>

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - Proprietary Funds
For the Fiscal Year Ended June 30, 2009

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	6.24%	50,000	15,581	65,581
2011	12.61%	51,000	14,661	65,661
2012	19.10%	52,000	13,712	65,712
2013	25.72%	53,000	12,729	65,729
2014	32.46%	54,000	11,712	65,712
2015	39.33%	55,000	10,660	65,660
2016	46.32%	56,000	9,573	65,573
2017	53.43%	57,000	8,447	65,447
2018	60.80%	59,000	7,274	66,274
2019-2023	100.00%	314,000	17,189	331,189
		<u><u>\$ 801,000</u></u>	<u><u>\$ 121,538</u></u>	<u><u>\$ 922,538</u></u>

STATISTICAL SECTION

This part of the Town of Smithfield, Rhode Island's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the governments overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the governments most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

TOWN OF SMITHFIELD
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

Exhibit 1

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental Activities					
Invested in capital assets, net of related debt	\$ 22,780,778	\$ 19,460,357	\$ 15,714,930	\$ 11,847,660	\$ 10,481,689
Restricted	-	6,907,769	6,159,108	3,943,034	7,497,123
Unrestricted	12,201,744	4,956,251	7,690,795	8,064,521	6,450,626
Total governmental activities net assets	\$ 34,982,522	\$ 31,324,377	\$ 29,564,833	\$ 23,855,215	\$ 24,429,438
Business-type activities					
Invested in capital assets, net of related debt	\$ 19,932,798	\$ 17,449,695	\$ 18,745,736	\$ 19,462,765	\$ 16,282,443
Unrestricted	7,165,904	7,166,588	6,352,272	6,033,377	5,286,771
Total business-type activities net assets	\$ 27,098,702	\$ 24,616,283	\$ 25,098,008	\$ 25,496,142	\$ 21,569,214
Primary government					
Invested in capital assets, net of related debt	\$ 42,713,576	\$ 36,910,052	\$ 34,460,666	\$ 31,310,425	\$ 26,764,132
Restricted	-	6,907,769	6,159,108	3,943,034	7,497,123
Unrestricted	19,367,648	12,122,839	14,043,067	14,097,898	11,737,397
Total primary government net assets	\$ 62,081,224	\$ 55,940,660	\$ 54,662,841	\$ 49,351,357	\$ 45,998,652

Note: Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

**TOWN OF SMITHFIELD
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 2

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
General government	\$ 4,910,553	\$ 3,418,361	\$ 2,441,754	\$ 2,754,935	\$ 2,416,005
Public safety	9,669,768	9,194,453	8,734,533	8,593,527	7,585,295
Public works	3,774,761	3,707,364	3,776,856	3,939,646	3,973,204
Education	33,482,943	32,980,815	31,981,580	29,756,361	27,507,323
Recreation	45,058	464,342	448,708	332,377	357,994
Public health and assistance	510,567	39,070	38,849	38,811	38,712
Community development	104,629	46,617	50,686	31,182	123,516
Other	6,672,425	7,809,494	6,788,619	6,668,165	7,054,668
Interest	687,665	655,052	607,413	718,819	794,182
Total governmental activities expenses	59,858,369	58,315,568	54,868,998	52,833,823	49,850,899
Business-type activities:					
Sewer fund	2,454,077	2,277,808	2,376,756	2,251,112	1,922,068
Water Supply Board	1,037,189	1,052,921	940,214	770,658	728,222
Non-Major Funds	2,978,442	2,919,757	2,879,294	2,659,385	2,578,945
Total business-type activities expenses	6,469,708	6,250,486	6,196,264	5,681,155	5,229,235
Total primary government expenses	\$ 66,328,077	\$ 64,566,054	\$ 61,065,262	\$ 58,514,978	\$ 55,080,134
Program revenues					
Governmental activities:					
<i>Charges for services:</i>					
General government	\$ 1,010,420	\$ 1,371,289	\$ 1,792,087	\$ 1,539,128	\$ 1,440,426
Public safety	1,138,000	755,979	866,113	727,656	513,218
Education	-	-	327,020	350,655	425,814
Other activities	153,712	16,420	448	492	-
Operating grants and contributions	9,429,523	11,074,157	9,505,923	9,003,676	8,818,307
Capital grants and contributions	164,612	-	727,546	700,344	145,230
Total governmental activities program revenues	11,896,267	13,217,845	13,219,137	12,321,951	11,342,995
Business-type activities:					
<i>Charges for services:</i>					
Sewer fund	2,594,049	2,335,381	2,444,586	2,439,771	2,305,730
Water Supply Board	1,203,932	1,328,927	1,024,187	1,025,992	801,197
Non-Major Funds	1,484,425	1,499,239	1,833,318	1,719,335	1,731,322
Operating grants and contributions	3,694,645	361,042	-	-	-
Total business-type activities program revenues	8,977,051	5,524,589	5,302,091	5,185,098	4,838,249
Total primary government program revenues	\$ 20,873,318	\$ 18,742,434	\$ 18,521,228	\$ 17,507,049	\$ 16,181,244
Net (Expense)/Revenue					
Governmental activities	\$(47,962,102)	\$(45,097,723)	\$(41,649,861)	\$(40,511,872)	\$(38,507,904)
Business-type activities	2,507,343	(725,897)	(894,173)	(496,057)	(390,986)
Total primary government net expenses	\$(45,454,759)	\$(45,823,620)	\$(42,544,034)	\$(41,007,929)	\$(38,898,890)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes and other	\$ 49,119,278	\$ 45,449,278	\$ 43,501,514	\$ 41,549,207	\$ 38,477,384
State revenue sharing	742,742	1,607,243	1,881,701	1,792,773	1,346,867
Unrestricted investment earnings	678,890	547,245	550,834	402,377	271,356
Other revenues	30,383	32,354	-	-	-
Transfers	203,145	30,065	(176,899)	(4,159,315)	(1,684,220)
Total general revenues	50,774,438	47,666,185	45,757,150	39,585,042	38,411,387
Business-type activities:					
Unrestricted investment earnings	178,221	274,237	319,140	263,670	135,374
Transfers	(203,145)	(30,065)	176,899	4,159,315	1,684,220
Total business-type activities	(24,924)	244,172	496,039	4,422,985	1,819,594
Total primary government	\$ 50,749,514	\$ 47,910,357	\$ 46,253,189	\$ 44,008,027	\$ 40,230,981
Change in Net Assets					
Governmental activities	\$ 2,812,336	\$ 2,568,462	\$ 4,107,289	\$ (926,830)	\$ (96,517)
Business-type activities	2,482,419	(481,725)	(398,134)	3,926,928	1,428,608
Total primary governmental	\$ 5,294,755	\$ 2,086,737	\$ 3,709,155	\$ 3,000,098	\$ 1,332,091

Note: Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

TOWN OF SMITHFIELD
FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 3

	Fiscal Year				
	2009	2008	2007	2006	2005
General Fund					
Reserved	\$ 6,710,951	\$ 5,945,301	\$ 5,245,410	\$ 3,777,906	\$ 3,219,830
Unreserved					
Designated for next years budget	4,510,302	4,887,774			
Unreserved	3,048,528	3,076,940	7,090,793	6,435,803	4,832,027
Total general fund	<u>14,269,781</u>	<u>13,910,015</u>	<u>12,336,203</u>	<u>10,213,709</u>	<u>8,051,857</u>
All Other Governmental Funds					
Reserved	748,535	962,468	913,698	165,128	4,277,293
Unreserved:	1,557,054	616,202	186,796	57,565	116,001
Unreserved, reported in:					
Special Revenue Funds	5,509,562	3,701,096	3,535,805	4,042,001	3,980,001
Capital Projects Funds	<u>(4,769,791)</u>	<u>(2,874,510)</u>	<u>(220,485)</u>	<u>2,340,506</u>	<u>2,732,700</u>
Total All Other Governmental Funds	<u>3,045,360</u>	<u>2,405,256</u>	<u>4,415,814</u>	<u>6,605,200</u>	<u>11,105,995</u>
Total governmental funds	<u>\$ 17,315,141</u>	<u>\$ 16,315,271</u>	<u>\$ 16,752,017</u>	<u>\$ 16,818,909</u>	<u>\$ 19,157,852</u>

Note: Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

TOWN OF SMITHFIELD
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 4

	Fiscal Year				
	2009	2008	2007	2006	2005
Revenues					
General property tax	\$ 48,402,854	\$ 46,089,144	\$ 43,244,359	\$ 40,753,963	\$ 38,487,365
Intergovernmental	3,076,659	10,754,099	10,647,869	10,507,554	9,447,575
State aid for education	4,832,845				
Federal revenue - SFSF	373,470				
Licenses, fees, and permits	714,910	841,184	1,495,146	1,081,003	1,070,424
Investment income	678,890	830,690	550,834	402,377	271,356
Departmental	967,497	606,653	627,876	818,850	857,153
Other revenues	2,673,628	2,339,707	2,540,088	1,912,773	1,548,997
Total revenues	<u>61,720,753</u>	<u>61,461,477</u>	<u>59,106,172</u>	<u>55,476,520</u>	<u>51,682,870</u>
Expenditures					
General Government	2,986,427	2,851,217	2,202,635	2,531,717	2,521,855
Public safety	9,646,412	9,002,213	7,900,652	8,119,241	7,324,594
Public works	2,970,915	2,931,036	2,853,597	3,076,619	2,934,086
Education	33,576,394	32,975,348	31,142,113	28,812,232	26,808,027
Public Health and Assistance	45,058	39,070	38,849	38,811	38,712
Parks and recreation	466,165	448,579	410,255	306,226	328,358
Community development	104,629	46,617	50,686	31,182	123,516
Employee benefits and operating grants	6,736,425	7,809,494	6,766,122	6,614,323	7,054,668
Capital outlay	2,853,201	3,424,691	4,686,181	6,141,528	3,500,909
Debt Service	2,384,211	2,406,491	2,417,005	2,752,627	2,869,661
Total expenditures	<u>61,769,837</u>	<u>61,934,756</u>	<u>58,468,095</u>	<u>58,424,506</u>	<u>53,504,386</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(49,084)</u>	<u>(473,279)</u>	<u>638,077</u>	<u>(2,947,986)</u>	<u>(1,821,516)</u>
Other financing sources (uses)					
Issuance of debt	-	-	-	-	-
Proceeds from leasing	-	-	71,510	335,000	138,000
Transfers from General Fund - local appropriation	26,422,217	-	-	-	-
Transfers from General Fund - state aid	4,832,809	-	-	-	-
Transfers from General Fund - federal SFSF	373,470	-	-	-	-
Transfers out School Unrestricted Fund - appropriation	(26,422,217)	-	-	-	-
Transfers out School Unrestricted Fund - State-aid for education	(4,832,809)	-	-	-	-
Transfers out School Unrestricted Fund - federal SFSF	(373,470)	-	-	-	-
Transfers from other funds	5,006,681	34,272,688	32,065,961	29,720,658	29,086,908
Transfers to other funds	(4,803,536)	(34,236,155)	(32,201,510)	(29,799,222)	(29,132,386)
Total other financing sources (uses)	<u>203,145</u>	<u>36,533</u>	<u>(64,039)</u>	<u>256,436</u>	<u>92,522</u>
Net change in fund balances	<u>154,061</u>	<u>(436,746)</u>	<u>574,038</u>	<u>(2,691,550)</u>	<u>(1,728,994)</u>
Debt service as a percentage of noncapital expenditures	<u>4.22%</u>	<u>4.29%</u>	<u>4.71%</u>	<u>5.56%</u>	<u>6.09%</u>

Note: This schedule includes expenditures of the General Fund, Special Revenue Funds and Capital Project Funds

**TOWN OF SMITHFIELD
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2004	2003	2002	2001	2000
Revenues					
General property tax	\$ 36,132,748	\$ 34,816,220	\$ 31,095,444	\$ 29,896,617	\$ 28,978,635
Intergovernmental	9,187,777	8,504,339	8,563,362	8,308,465	7,933,374
Licenses, fees, and permits	1,024,119	702,697	1,116,900	830,495	454,272
Investment Income	181,552	126,380	182,991	359,303	-
Departmental	81,458	157,212	448,891	85,624	67,913
Other revenues	2,492,977	2,020,608	1,187,872	1,152,270	1,754,394
Total revenues	<u>49,100,631</u>	<u>46,327,456</u>	<u>42,595,460</u>	<u>40,632,774</u>	<u>39,188,588</u>
Expenditures					
General Government	2,395,357	2,879,998	1,873,760	1,901,536	1,897,716
Public safety	7,518,593	7,145,315	6,509,075	6,209,586	5,902,273
Public works	3,222,301	2,590,970	2,384,253	2,225,013	1,961,528
Education	26,103,001	25,597,252	23,667,375	22,598,548	21,610,665
Public Health and Assistance	38,100	38,265	38,036	38,091	37,981
Parks and recreation	447,534	305,248	291,911	284,582	266,658
Community development	29,835	44,743	-	-	-
Other	5,749,149	7,380,494	4,177,707	3,701,528	3,495,355
Capital outlay	3,309,641	3,496,646	677,440	522,842	353,817
Debt Service	2,527,342	1,365,627	1,414,334	1,472,372	1,528,679
Total expenditures	<u>51,340,853</u>	<u>50,844,558</u>	<u>41,033,891</u>	<u>38,954,098</u>	<u>37,054,672</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(2,240,222)</u>	<u>(4,517,102)</u>	<u>1,561,569</u>	<u>1,678,676</u>	<u>2,133,916</u>
Other financing sources (uses)					
Issuance of debt	8,608,466	-	-	-	-
Proceeds from leasing	-	8,008,597	-	-	-
Transfers from General Fund - local appropriation	-	-	-	-	-
Transfers from General Fund - state aid	-	-	-	-	-
Transfers from General Fund - federal SF/SF	-	-	-	-	-
Transfers out School Unrestricted Fund - appropriation	-	-	-	-	-
Transfers out School Unrestricted Fund - State-aid for education	-	-	-	-	-
Transfers out School Unrestricted Fund - federal SF/SF	-	-	-	-	-
Transfers from other funds	28,267,737	25,962,429	24,908,353	21,825,751	20,723,885
Transfers to other funds	(27,920,004)	(26,898,984)	(25,714,278)	(22,538,066)	(21,397,031)
Total other financing sources (uses)	<u>8,956,199</u>	<u>7,072,042</u>	<u>(805,925)</u>	<u>(712,315)</u>	<u>(673,146)</u>
Net change in fund balances	<u>6,715,977</u>	<u>2,554,940</u>	<u>755,644</u>	<u>966,361</u>	<u>1,460,770</u>
Debt service as a percentage of noncapital expenditures	<u>5.55%</u>	<u>2.97%</u>	<u>3.63%</u>	<u>3.98%</u>	<u>4.35%</u>

Note: This schedule includes expenditures of the General Fund, Special Revenue Funds and Capital Project Funds

TOWN OF SMITHFIELD
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED
LAST TEN FISCAL YEARS

Exhibit 5

Fiscal Year ¹ Ended June 30	Real Property Assessed Value	Personal Property Assessed Value	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ² as a Percentage of Actual Value
2000	930,302,660	156,946,188	206,070,480	881,178,368	31.58	1,087,248,848	100.00%
2001	856,797,430	157,760,043	190,834,720	823,722,753	34.17	1,014,557,473	100.00%
2002	1,182,272,730	160,256,789	206,654,560	1,135,874,959	26.38	1,342,529,519	100.00%
2003	1,156,272,130	201,790,459	209,197,950	1,148,864,639	27.68	1,358,062,589	100.00%
2004	1,251,144,353	197,282,002	280,564,760	1,167,861,595	28.89	1,852,444,501	78.19%
2005	1,971,932,170	210,207,465	284,784,690	1,897,354,945	18.65	2,289,998,568	95.29%
2006	2,121,542,170	218,296,509	284,784,690	2,055,053,989	18.36	2,684,532,674	87.16%
2007	2,146,178,830	216,760,233	377,658,100	1,985,280,963	20.08	2,951,828,936	80.05%
2008	2,687,724,190	288,728,199	377,658,770	2,598,793,619	16.15	3,217,786,366	92.50%
2009	2,735,563,590	259,788,795	362,930,140	2,632,422,245	16.74	3,153,002,511	95.00%

Note: Tax Rates are per \$1,000 of assessed value.

¹ Revaluations were conducted for Fiscal Years 2004 and 2007

**TOWN OF SMITHFIELD
PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
UNAUDITED**

Exhibit 6

<u>Fiscal Year</u>		<u>Municipal</u>	<u>Education</u>	<u>Tax</u>
2000	Real Estate	\$ 10.30	\$ 12.10	\$ 22.40
	Personal Property	\$ 17.94	\$ 21.06	\$ 39.00
2001	Real Estate	\$ 10.08	\$ 12.32	\$ 22.40
	Personal Property	\$ 17.55	\$ 21.45	\$ 39.00
2002	(1) Real Estate	\$ 8.40	\$ 10.26	\$ 18.66
	Personal Property	\$ 17.55	\$ 21.45	\$ 39.00
2003	Real Estate	\$ 8.86	\$ 10.82	\$ 19.68
	Personal Property	\$ 17.55	\$ 21.45	\$ 39.00
2004	Real Estate	\$ 10.06	\$ 11.34	\$ 21.40
	Personal Property	\$ 18.33	\$ 20.67	\$ 39.00
2005	(1) Real Estate	\$ 6.70	\$ 7.25	\$ 13.95
	Personal Property	\$ 18.72	\$ 20.28	\$ 39.00
2006	Real Estate	\$ 6.90	\$ 7.78	\$ 14.68
	Personal Property	\$ 18.33	\$ 20.67	\$ 39.00
2007	Real Estate	\$ 7.23	\$ 8.17	\$ 15.40
	Personal Property	\$ 18.33	\$ 20.67	\$ 39.00
2008	(1) Real Estate	\$ 6.22	\$ 7.01	\$ 13.23
	Personal Property	\$ 18.33	\$ 20.67	\$ 39.00
2009	Real Estate	\$ 6.29	\$ 7.39	\$ 13.68
	Personal Property	\$ 23.06	\$ 27.07	\$ 50.13

Source: Town of Smithfield, Rhode Island tax records
(1) Town wide property statistical revaluation

**TOWN OF SMITHFIELD
PRINCIPAL TAXPAYERS
UNAUDITED
JUNE 30, 2009**

Exhibit 7

	2009			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fidelity Corporate Real Estate	\$ 192,170,026	1	6.42%	\$ -	-	-
W/S Smithfield Associates, LLC	61,422,400	2	2.05	-	-	-
National Grid (Electricity)	23,949,200	3	0.80	10,835,307	2	1.07%
Smithfield Office Park	23,032,905	4	0.77	-	-	-
Village at Waterman Lake	18,475,800	5	0.62	17,364,600	1	1.71%
FGX International Inc.	13,348,629	6	0.45	-	-	-
Target Corp.	12,895,000	7	0.43	-	-	-
Sperian Eye & Face Protection	12,362,304	8	0.41	-	-	-
National Grid (Gas)	3,491,580	9	0.12	-	-	-
Citizens Bank of RI	3,383,390	10	0.11	-	-	-
Drew Realty Company, Inc				9,220,810	3	0.91%
Barmal Realty Corp (Benny's)				7,992,150	4	0.79%
Apple Valley Mall, LLC.				7,441,940	5	0.73%
Norman Realty Corp				5,613,500	6	0.55%
Healyn Associates				5,387,730	7	0.53%
Waterman Heights Nursing Home LTD				4,618,690	8	0.46%
Providence Gas				4,442,152	9	0.44%
Senior Lifestyle North Bay				4,423,390	10	0.44%
	\$ 364,531,234		12.17%	\$ 77,340,269		2.58%
Total assessed valuation (gross)	\$ 2,995,352,385			\$1,014,557,473		

Source: Town Tax Assessor's Office

**TOWN OF SMITHFIELD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year	Collection within the Fiscal Year of te Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 27,827,270	\$ 25,166,553	90.44%	\$ 2,526,781	\$ 27,693,334	99.52%
2001	28,147,971	24,909,188	88.49	3,093,558	28,002,746	99.48
2002	29,964,881	25,621,516	85.51	4,176,262	29,797,778	99.44
2003	31,801,057	27,462,597	86.36	4,087,734	31,550,331	99.21
2004	33,739,654	31,036,315	91.99	2,527,464	33,563,779	99.48
2005	35,384,006	33,142,577	93.67	2,106,804	35,249,381	99.62
2006	37,721,249	35,204,633	93.33	2,401,841	37,606,474	99.70
2007	39,873,408	35,907,818	90.05	3,845,977	39,753,795	99.70
2008	41,966,302	37,655,824	89.73	4,106,157	41,761,981	99.51
2009	44,064,149	39,986,078	90.75	-	39,986,078	90.75

**TOWN OF SMITHFIELD
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Exhibit 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Per Capita ¹
	General Obligation Bonds	Lease Participation Certificates	Capital Leases	General Obligation Bonds			
2000	\$ 10,220,103	\$ -	\$ -	249,896	\$	10,469,999	\$ 507.93
2001	9,239,971	-	-	205,029		9,445,000	453.35
2002	8,268,703	-	-	161,297		8,430,000	399.17
2003	7,301,867	7,350,000	361,425	118,133		15,131,425	707.54
2004	14,943,895	6,650,000	209,524	76,105		21,879,524	1,004.89
2005	13,585,355	5,980,000	221,458	34,645		19,821,458	911.16
2006	12,280,000	5,300,000	459,295	-		18,039,295	844.22
2007	11,245,000	4,605,000	420,521	-		16,270,521	764.63
2008	10,210,000	3,900,000	315,894	-		14,425,894	681.08
2009	9,250,000	3,175,000	228,560	-		12,653,560	603.33

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements.
¹ See the Schedule of Demographics and Economic Statistics for population data

TOWN OF SMITHFIELD
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for the Fiscal Year 2009

Exhibit 10

Net Tax Levy 2,902,795,066
Debt Limit (3%) 87,083,852

-
Legal debt margin \$ 87,083,852

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt Limit	\$ 87,083,852	\$ 86,493,663	\$ 70,385,661	\$ 69,692,910	\$ 64,768,128	\$ 42,864,838	\$ 40,199,021	\$ 39,927,016	\$ 30,335,084	\$ 32,284,525	\$ 33,389,145
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 87,083,852	\$ 86,493,663	\$ 70,385,661	\$ 69,692,910	\$ 64,768,128	\$ 42,864,838	\$ 40,199,021	\$ 39,927,016	\$ 30,335,084	\$ 32,284,525	\$ 33,389,145
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: In 2005 the Town underwent a full property revaluation.
Note: In 2002 and 2008 the Town underwent a statistical revaluation.

**TOWN OF SMITHFIELD
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Exhibit 11

Fiscal Year	Total Debt Service			Total General Expenditures ¹	Ratio of Annual Debt Service to Total General Expenditures
	Principal	Interest	Service		
2000	980,132	548,547	1,528,679	36,141,282	4.23%
2001	918,132	554,240	1,472,372	38,258,979	3.85%
2002	971,268	443,066	1,414,334	42,336,464	3.34%
2003	966,836	398,791	1,365,627	45,866,739	2.98%
2004	1,657,972	869,370	2,527,342	48,159,938	5.25%
2005	2,028,540	841,121	2,869,661	51,058,947	5.62%
2006	1,730,000	625,875	2,355,875	52,474,432	4.49%
2007	1,730,000	692,711	2,422,711	54,631,064	4.43%
2008	1,740,000	626,808	2,366,808	57,914,632	4.09%
2009	1,685,000	562,168	2,247,168	61,769,837	3.64%

Notes:

¹ Includes General, Special Revenue and Capital Project Funds.

**TOWN OF SMITHFIELD
PRINCIPAL EMPLOYERS
UNAUDITED
JUNE 30, 2009**

Exhibit 12

Name	Type of Business	Number of Employees
Fidelity Investments	Investment Company	1,800
Town of Smithfield	Municipality	600
Bryant University	Private University	550
Benny's Home & Auto Stores, Inc.	Home and Auto Supplies	500
Citizens Bank of RI	Bank	400
FGX International	Designer and Marketer (Eyewear & Costume Jewelry)	350
Sperian Protection Americas	Designer and Manufacturer (Personal Protective Equipment)	340
The Home Depot	Home Improvement Store	250
The Stop & Shop Company, Inc.	Supermarket	225
Village at Waterman Lake	Retirement Living Center	200
Target Stores	Department Store	150
Hebert Nursing Home	Nursing Home	140
Ferland Corporation	Property Management	130
Cortland Place Life Care	Nursing Home	125
Hart Engineering Company	Engineering and Design	125
Douglas Lumber Corporation	Lumber	118
Precision Tuned Components Corporarion	Screw Machine Parts Manufacturer	108
Kohl's	Department Store	100
Dave's Market	Supermarket	100
Heritage Hills Nursing Center	Nursing Home	100
Spino Brothers	Masonary Contracting	100
Fleet Construction	Construction Company	100

Unemployment rate 9.2%

**SMITHFIELD PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
June 30, 2009
UNAUDITED**

Exhibit 13

BUILDINGS

Administration	1
Maintenance	0
Elementary Schools	4
Middle School	1
High School	1
Total	<u>7</u>

STUDENTS

	Year	Elementary	Secondary	Total
	2009	1,088	1,467	2,555
	2008	1,099	1,500	2,599
	2007	1,119	1,490	2,609
	2006	1,104	1,521	2,625
	2005	1,125	1,534	2,659
	2004	1,048	1,567	2,615
	2003	1,169	1,534	2,703
	2002	1,228	1,459	2,687
	2001	1,220	1,484	2,704
	2000	1,254	1,481	2,735
	1999	1,249	1,508	2,757

STAFF

Administrative	15.0
Certified Staff:	
Instructional	169.0
ESL	0.5
Special Education	37.8
Other (Librarians, Counselors, Nurses, et	<u>23.0</u>
Total Certified Staff	230.3
Non- Certified Staff	
Secretary and Clerical	20.0
Building and Maintenance	28.0
Teacher Assistants	36.0
Supervisory Aides	0.0
Technicians	2.0
Bus Monitors	0.0
Attendance Officer	<u>1.0</u>
	87.0
Total FTE's	<u><u>332.3</u></u>

Data collected from School Department

**TOWN OF SMITHFIELD
MISCELLANEOUS STATISTICS
JUNE 30, 2009
UNAUDITED**

Exhibit 14

Founded:	1636	Police Protection	
Town Incorporation:	1730	Buildings:	1
		Employees:	
Type of Government:	Council / appointed Town Manager	Law Enforcement	41
		Civilian	
Fiscal Year begins:	July 1	Full Time	12
		Part Time	6
Population:		Crossing Guard	7
	Official US Census	Recreation	
	1950 6,690	Parks	8
	1960 9,442	Playgrounds	5
	1970 13,468	Ball Diamonds	14
	1980 16,886	Soccer/Football Fields	6
	1990 19,163	Volleyball Courts	0
	2000 20,613	Skating Arenas	1
		Basketball Courts	8
Area of Town:	27.8 square miles	Walking Paths	7
Land Area:	26.7 square miles	Running Tracks	1
		Tennis Courts	7
Miles of Streets		Historical Cemeteries	116
Local Paved	140	Municipal Buildings:	
State Paved	40	Town Hall	1
Private Paved	2.5	Senior Center	1
Elections - November 2008		Public Works Garage	1
Registered Voters	15,022	Parks & Recreation	2
Number of Votes Cast	10,215		
Percentage Voting	68.00%	Other Municipal Employees:	59
Fire Protection			
# Fire Stations:	3		
Employees :			
Uniformed	49		
Civilian(s)	5		
Library			
Full Time Employees	9		
Part Time Employees	35		

Data collected from various Town departments

**TOWN OF SMITHFIELD
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 15

Function	Full-time Equivalent Employees as of June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	26	26	26	26	26	27	27	28	34	34
Public Safety										
Police										
Officers	39	39	39	39	40	39	40	40	41	41
Civilians	12	13	13	13	14	13	13	13	13	13
Fire										
Firefighters and Officers	38	37	37	40	40	40	40	40	48	48
Civilians	6	6	6	6	6	6	6	6	6	6
Ice Rink	4	3	3	3	3	3	3	3	3	3
Parks	3	3	3	3	3	3	3	4	4	4
Public Works	18	18	18	18	18	18	18	18	18	18
Senior Services	4	4	4	4	4	4	4	4	4	4
Sewer	1	1	1	1	1	1	1	1	1	1
Water	5	5	5	5	5	5	5	5	5	5
Total	156	155	155	158	160	159	160	162	177	177

Source: Finance Department

**TOWN OF SMITHFIELD
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 16

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	*	*	*	*	*	*	*	*	27	27
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	*	*	*	*	*	*	*	*	183	183
Culture and recreation										
Parks	8	8	8	8	8	8	8	8	8	8
Skating Arenas	1	1	1	1	1	1	1	1	1	1
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Ball Diamonds	13	13	13	13	13	13	13	14	14	14
Playgrounds	5	5	5	5	5	5	5	5	5	5
Basketball Courts	8	8	8	8	8	8	8	8	8	8
Walking Paths	7	7	7	7	7	7	7	7	7	7
Running Tracks	1	1	1	1	1	1	1	1	1	1
Beaches	2	2	2	2	2	2	2	2	2	2

Sources: Various government departments

**TOWN OF SMITHFIELD
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 17

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical Arrests	982	1,051	1,091	1,215	971	1,018	1,053	1,015	947	861
Parking Violations	147	150	149	302	275	286	203	291	454	261
Traffic Violations	4,904	4,850	3,837	4,329	4,637	4,648	5,662	4,933	4,432	4,665
Fire										
Total Incidents	2,794	3,048	3,142	3,325	3,503	3,640	3,723	3,832	3,914	3,850
Commercial Inspections	225	202	*	190	182	163	150	152	173	204
Residential Inspections	332	361	*	384	416	414	340	304	313	305
Commercial Plan Review	NA	48	*	39	58	73	85	92	82	102
Residential Plan Review	30	47	*	96	102	101	94	93	59	33
Highway and Street										
Street Resurfacing (miles)	0.63	0.55	1.33	1.89	1.36	1.04	0.21	8.15	2.90	5.57
Sanitation										
Refuse Collected (tons/day)	*	*	*	*	23.25	24.66	25.79	24.39	21.04	17.65
Paper Recyclables Collected (tons/day)	*	*	*	*	3.74	3.89	3.71	3.72	3.91	3.91
Mixed Recyclables Collected (tons/day)	*	*	*	*	2.16	2.18	2.10	2.26	2.88	2.47
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	1,660	1,870	1,760	2,020	1,800	1,990	2,100	1,900	2,090	1,960

Sources: Various government departments

**TOWN OF SMITHFIELD
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED
LAST TEN FISCAL YEARS**

Exhibit 18

Fiscal Year Ended June 30	Population ¹	Median Family Income ¹	Median Home Price ¹	Personal Income ² (amounts expressed in thousands)	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2000	20,613	\$ 55,621	\$ 150,000	\$ 478,716	\$ 23,224	38.7	2,735	4.00%
2001	20,834	49,060	179,450	*	*	*	2,704	3.80%
2002	21,119	66,320	220,000	*	*	*	2,687	4.20%
2003	21,386	67,026	259,950	*	*	*	2,703	4.70%
2004	21,773	67,646	309,000	*	*	*	2,615	4.70%
2005	21,754	68,322	309,950	*	*	*	2,659	4.30%
2006	21,368	66,320	335,000	*	*	*	2,625	4.60%
2007	21,279	66,320	286,000	*	*	*	2,609	4.40%
2008	21,181	71,803	245,000	629,139	29,703	38.7	2,599	5.50%
2009	20,973	*	227,500	*	*	*	2,555	9.20%

Data sources

¹ Rhode Department of Economic Development

² City-Data.com

³ Smithfield School Department

⁴ Rhode Department of Labor and Training

TOWN OF SMITHFIELD, RHODE ISLAND

SINGLE AUDIT SECTION

**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**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of and for the year fiscal ended June 30, 2009, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements and have issued our report thereon dated December 1, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Smithfield's internal control over financial reporting as a basis for designing our auditing procedures 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 Smithfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Smithfield's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Smithfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Smithfield's financial statements that is more than inconsequential will not be prevented or detected by the Town of Smithfield's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Smithfield's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Town of Smithfield'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*.

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Parmelee, Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
December 1, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Town of Smithfield, Rhode Island, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town of Smithfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Smithfield's management. Our responsibility is to express an opinion on the Town of Smithfield's compliance based on our audit

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Smithfield'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. Our audit does not provide a legal determination of the Town of Smithfield's compliance with those requirements.

In our opinion, the Town of Smithfield, Rhode Island, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of Smithfield is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Smithfield's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Smithfield's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a

federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Parmelee Poirier & Associates, LLP". The signature is written in dark ink and is positioned above the printed name of the firm.

Parmelee, Poirier & Associates, LLP
December 1, 2009

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 15,559
National School Lunch Program	10.555	N/A	136,199
Special Milk Program for Children	10.556	N/A	1,282
Food Donation (Note 4)	10.550	N/A	2,613
Total U.S. Department of Agriculture			<u>\$ 155,653</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	Various	100,539
Total U.S. Department of Housing and Urban Development			<u>\$ 100,539</u>
U.S. Department of Justice			
<i>Direct Program:</i>			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 32,642
Passed through the State of Rhode Island Department of Justice			
Bullet Proof Vest Partnership Program	16.607	BUBX08043723	320
Enforcing Underage Drinking Laws Program	16.727	N/A	4,022
Edward Byrne Memorial Justice Assistance Grant	16.738	2008-DJ-BX-0585	6,569
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-G2513-RI-Sb	5,044
Total U.S. Department of Justice			<u>\$ 48,597</u>
U.S. Department of Transportation			
Passed-through the State of Rhode Island Department of Transportation			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Various	\$ 22,276
Total U.S. Department of Transportation			<u>\$ 22,276</u>
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
Title I Grants to Local Education Agencies	84.010A	1420-51600-901	\$ 188,380
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	1430-50500-901	493,292
Special Education - Preschool Grants	84.173A	1430-50800-901	17,667
Safe and Drug Free Schools and Communities State Grants	84.186A	1420-52900-901	10,018
State Grants for Innovative Programs	84.298A	1420-51000-901	35
Improving Teacher Quality State Grants	84.367A	1420-54000-901	95,193
ARRA -State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-901	373,470
Passed-through the State of Rhode Island Department of Education and the Davies Career and Tech Center			
Career and Technical Education - Basic Grants to States	84.048A	09-1440-53200-40-01	4,350
Tech-Prep Education	84.243A	09-1440-53200-40-01	4,637
Passed-through the State of Rhode Island Department of Education and the North Providence, RI School Department			
English Language Acquisition Grants	84.365A	1420-54100-901	1,590
Total U.S. Department of Education			<u>\$ 1,188,632</u>
U.S. Department of Homeland Security			
Passed-through the State of Rhode Island Emergency Management Agency			
Interoperable Communications Equipment	97.055	31-108-FY07 PSIC	126,926
Total U.S. Department of Homeland Security			<u>126,926</u>
Total Federal Expenditures			<u>\$ 1,642,623</u>

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported

Non-compliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.394	State Fiscal Stabilization Fund – Education State Grants, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS yes X none

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS yes X none

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009
(Continued)

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

A. Significant Deficiency in Internal Control

None Reported.

B. Compliance

None Reported.

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2009

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF SMITHFIELD, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Smithfield, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Smithfield, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2009, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

CFDA #	Program Name
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant
84.027	Special Education - Grants to States
84.173	Special Education – Preschool Grants
84.394	State Fiscal Stabilization Fund – Education State Grants, Recovery Act

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$2,613 represents the market value of such commodities used during the period.