

# TOWN OF SMITHFIELD

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



**Smith-Appleby House**  
Built in 1696

**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, 2010**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b>I. INTRODUCTORY SECTION</b>	
LETTER OF TRANSMITTAL	i
ORGANIZATIONAL CHART	viii
LIST OF TOWN OFFICIALS	ix
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	x
<b>II. FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Government Wide Financial Statements</u>	
Statement of Net Assets	12
Statement of Activities	13
<u>Fund Financial Statements</u>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets	22
<u>Notes to the Financial Statements</u>	
Required Disclosures and Other Information	23
<b>REQUIRED SUPPLEMENTARY INFORMATION (RSI)</b>	
Pension Plan – Schedule of Funding Progress	64
Budgetary Comparison Schedule – Schedule of Revenues Budget and Actual (Budgetary Basis) - General Fund	66
Budgetary Comparison Schedule – Schedule of Expenditures Budget and Actual (Budgetary Basis) - General Fund	67
Budgetary Comparison Schedule – Schedule of Revenues an Expenditures Budget and Actual (Budgetary Basis) – School Unrestricted Fund	69
Notes to Required Supplementary Information	70

*(continued)*

**TOWN OF SMITHFIELD, RHODE ISLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**TABLE OF CONTENTS**  
*(continued)*

	<u>PAGE</u>
<i>Other Supplementary Information</i>	
Budgetary Comparison Schedule – Schedule of Revenues, and Expenditures– General Fund	71
Combining Balance Sheet – Non-major Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	73
Combining Balance Sheet – Restricted Special Revenue Funds Town	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Restricted Special Revenue Funds Town	80
Combining Balance Sheet – Capital Project Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	90
Combining Balance Sheet – Non-major Enterprise Funds	94
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-major Enterprise Funds	95
Combining Statement of Cash Flows – Non-major Enterprise Funds	96
Combining Statement of Changes in Assets and Liabilities – Agency Funds	98
 <b>III. STATISTICAL SECTION</b>	
Tax Collectors Annual Report	99
Schedules of General Long-term Debt	100
Schedules of Debt Service Requirements – General Fund	101
Schedules of Debt Service Requirements – Enterprise Funds	102
Net Assets by Component	103
Changes in Net Assets	104
Fund Balances, Governmental Funds	105
Changes in Fund Balances - Governmental Funds	106
Assessed and Estimated Actual Value of Taxable Property	108
Property Tax rates	109
Principal Taxpayers	110
Property Tax Levies and Collections	111
Ratio of Outstanding Debt by Type	112
Ratio of General Bonded Debt Outstanding	113
Direct and Overlapping Governmental Activities Debt	114
Computation of Legal Debt Margin	115
Demographic and Economic Statistics	116
Principal Employers	117
Full-Time Equivalent Town Government Employees by Function	118
Operating Indicators by Function	119
Capital Asset Statistics by Function	120
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	121
Public Schools Miscellaneous Statistics	122
Town of Smithfield Miscellaneous Statistics	123

*(continued)*

**TOWN OF SMITHFIELD, RHODE ISLAND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**TABLE OF CONTENTS**  
*(continued)*

	<u><b>PAGE</b></u>
<b>IV. SINGLE AUDIT SECTION</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	124
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	126
Schedule of Expenditures of Federal Awards	128
Schedule of Findings and Questioned Costs	129
Schedule of Prior Year Findings and Questioned Costs	131
Notes to Schedule of Expenditures of Federal Awards	132

*(concluded)*

## **INTRODUCTORY SECTION**

This Section Contains the Following Subsections:

Letter of Transmittal

Organizational Chart

List of Town Officials

Certificate of Achievement for Excellence in Financial Reporting



## **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 13, 2010

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, 2010 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.

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 \$90,406,573 based on net assessed valuations of \$3,013,552,430 as December 31, 2009. As of June 30, 2010, the Town has no debt outstanding subject to 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 \$4,635,136 in direct state aid with the difference being made up by American Recovery and Reinvestment Act (ARRA) funding in the amount of \$104,661 for the fiscal year ended June 30, 2010. The Town budgeted \$4,648,478 in direct state aid and \$174,247 in ARRA funding for fiscal year ending June 30, 2011.

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, 2010, the Town received \$293,343 in such construction aid and the Town budgeted \$290,000 for fiscal year ending June 30, 2011.

## **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, 2010 was \$32,034,090. The School Department budget for fiscal year ending June 30, 2011 is \$32,437,157. The cost per student is \$12,793 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 ten years has been and is as follows:

<u>FISCAL YEAR ENDING</u>	<u>ENROLLMENT</u>
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
2010	2,504

## **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, 2010 residential users were charged a flat rate of \$280 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, 2010, the Public Works Department expended \$950,426 for these services. For the fiscal year ending June 30, 2011 the approved budget is \$950,000.

## **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, 2010 totaled \$1,815,808 and budgeted \$2,221,039 for fiscal year ending June 30, 2011.

## **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 \$5,063,947 for fiscal year ended June 30, 2010 and budgeted \$4,664,511 for fiscal year ending June 30, 2011.

The Fire Department has 3 fire stations staffed by 48 full-time fire fighters and support personnel of 6 full-time employees. The Fire Department expended \$4,707,561 for fiscal year ended June 30, 2010 and budgeted \$4,558,320 for fiscal year ending June 30, 2011.

**PUBLIC LIBRARIES**

The Town operates two public libraries, Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2010 the combined allocation from the Town was \$1,187,734 and budgeted \$1,187,734 for the fiscal year ending June 30, 2011.

**EMPLOYEE RELATIONS**

The Town of Smithfield currently employs 171 full-time employees exclusive of those employed by the School Department. The School Department employs 233.3 certified employees and 88 full-time and part-time non-certified employees.

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

Police Department	1 year contract expires June 30, 2011
Fire Department	1 year contract expires June 30, 2011
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, 2013
Teacher Para-Professionals & Clerical Employees	3 year contract expires June 30, 2012

**FINANCIAL INFORMAITON**

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 give 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, 2010 is as follows:

	<u>AMOUNT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>DEBT PER CAPITA</u>
Net Bonded Debt	\$8,420,000	0.28%	\$395.86

The Town's bond ratings as of June 30, 2010 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 proved 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.

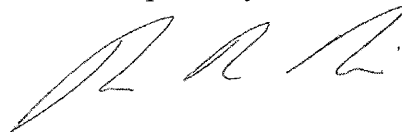
## **AWARDS AND ACKNOWLEDGEMENTS**

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, 2009. 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,

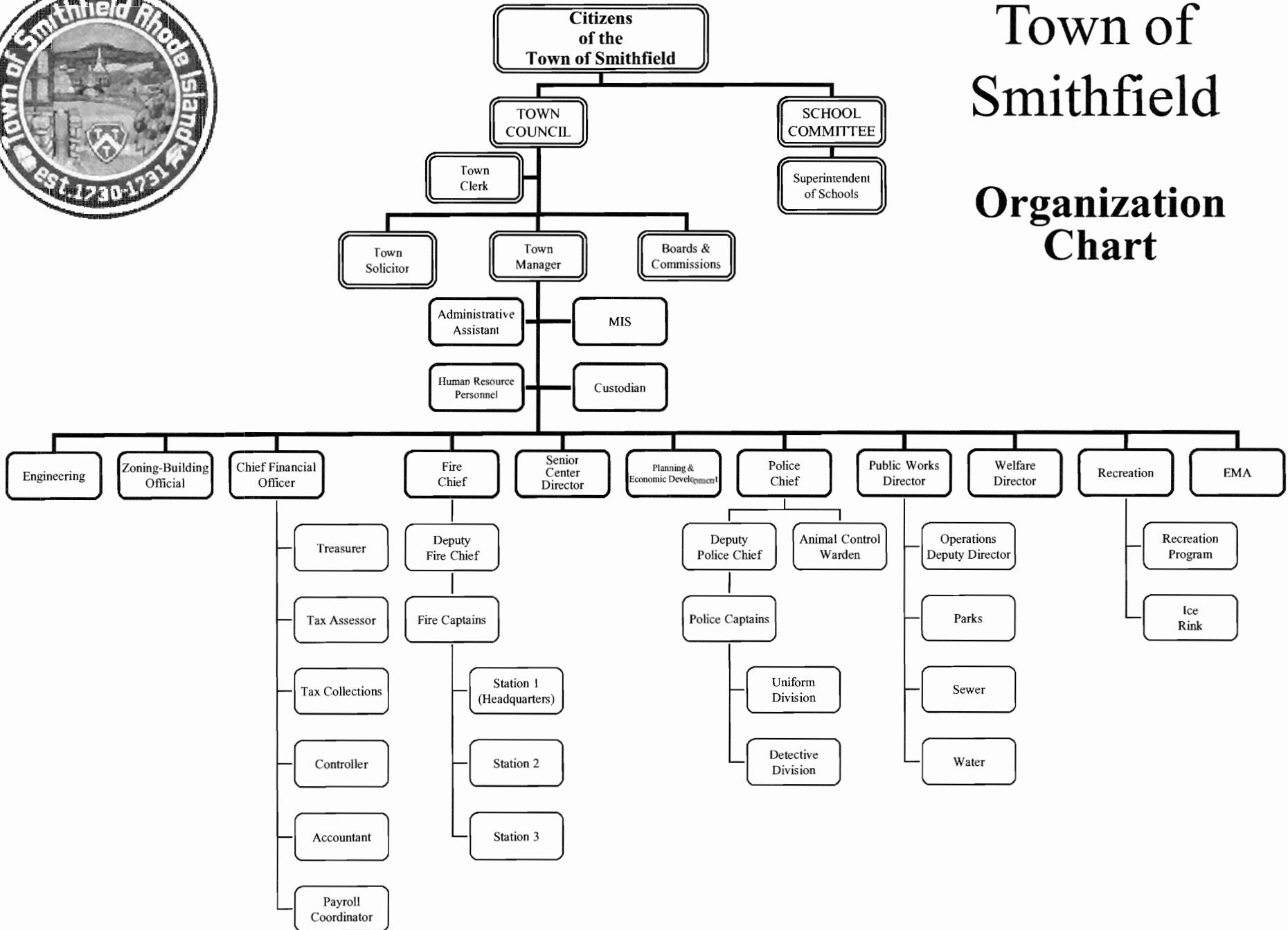


Randy R. Rossi  
Finance Director



# Town of Smithfield

## Organization Chart



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**JUNE 30, 2010**

**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**

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

# 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, 2009

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, 2010, 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'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 as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2010 on our consideration of the Town'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Parmelee, Poirier & Associates, LLP  
December 13, 2010

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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, 2010. 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 \$763,787, or 1.2% 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 \$62,845,011. Net assets of Governmental Activities increased by \$1,377,859 or 3.9%, while net assets of business activities decreased by \$614,072 or 2.3%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$68,193,655, a 2.8% increase from the prior year, while revenues collected were \$68,957,442 a 3.8% decrease. The revenue decreases were mainly due to decreases in investment earning rates and state aid in the fiscal year ended June 30, 2010.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,291,735. Over 11.7% of this amount, \$1,898,840 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 \$3,030,955, or 5.1% of the total general fund expenditures for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by \$723,363.

**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, 2010**  
**(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.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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 63.

**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 64 through 70.

The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented on pages 71 through 98.

**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 \$62,845,011 as of June 30, 2010. This reflects an increase of \$763,787 from this current year's activity.

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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>						
Current and other assets	\$ 22,864,943	\$ 25,873,149	\$ 10,540,474	\$ 9,786,900	\$ 33,405,417	\$ 35,660,049
Capital assets	38,299,614	35,434,336	20,492,873	20,733,798	58,792,487	56,168,134
<b>TOTAL ASSETS</b>	<u>61,164,557</u>	<u>61,307,485</u>	<u>31,033,347</u>	<u>30,520,698</u>	<u>92,197,904</u>	<u>91,828,183</u>
<b>LIABILITIES</b>						
Other liabilities	5,570,439	7,507,640	3,261,869	2,620,996	8,832,308	10,128,636
Long-term liabilities	19,233,737	18,817,323	1,286,848	801,000	20,520,585	19,618,323
<b>Total liabilities</b>	<u>24,804,176</u>	<u>26,324,963</u>	<u>4,548,717</u>	<u>3,421,996</u>	<u>29,352,893</u>	<u>29,746,959</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	27,277,016	22,780,778	19,206,025	19,932,798	46,483,041	42,713,576
Unrestricted	9,083,365	12,201,744	7,278,605	7,165,904	16,361,970	19,367,648
<b>Total net assets</b>	<u>\$ 36,360,381</u>	<u>\$ 34,982,522</u>	<u>\$ 26,484,630</u>	<u>\$ 27,098,702</u>	<u>\$ 62,845,011</u>	<u>\$ 62,081,224</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

The largest portion of the Town's net assets \$46,483,041 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, 2010. 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 \$1,377,859 for the current period, which is an overall increase of 3.9% in the Town's governmental net assets, while business-type activities decreased the Town's net assets by \$614,072, accounting for a 2.3% decrease in business-type net assets. Overall the Town's net assets increased by \$763,787 which is a 1.2% increase over the prior year's net assets.

The net change in fund balance for the fiscal year ended June 30, 2010 was an decrease of \$1,023,406 for the Towns 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 \$2,865,278 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 decrease of \$90,516. 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 \$1,570,000.

Reductions in net assets included an increase in the Town's net pension obligation of \$815,603, and net OPEB obligation which resulted in a decrease in net assets of \$909,835.

There are various other items which are reconciliations between the Statement of Activities and the Schedule of Revenues, Expenditures and Changes in Fund Balances, all of which can be seen on page 16.

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, 2010**  
**(Un-audited)**

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	Total
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 2,237,824	\$ 2,302,132	\$ 5,369,024	\$ 5,282,406	\$ 7,606,848	\$ 7,584,538
Operating grants and contributions	9,491,613	9,429,523	246,309	3,694,645	9,737,922	13,124,168
Capital grants and contributions	1,260,360	164,612	-	-	1,260,360	164,612
General revenues						
Property taxes	49,509,411	49,119,278	-	-	49,509,411	49,119,278
Unrestricted investment earnings	503,420	678,890	150,508	178,221	653,928	857,111
Miscellaneous	188,973	773,794	-	-	188,973	773,794
<b>Total revenues</b>	<u>63,191,601</u>	<u>62,468,229</u>	<u>5,765,841</u>	<u>9,155,272</u>	<u>68,957,442</u>	<u>71,623,501</u>
<b>Expenses</b>						
General government	7,165,831	4,910,553	-	-	7,165,831	4,910,553
Public safety	15,133,585	9,669,768	-	-	15,133,585	9,669,768
Public works	4,048,196	3,774,761	-	-	4,048,196	3,774,761
Education	34,340,402	33,482,943	-	-	34,340,402	33,482,943
Recreation	38,334	45,058	-	-	38,334	45,058
Public health & assistance	590,711	510,567	-	-	590,711	510,567
Community development	79,929	104,629	-	-	79,929	104,629
Other	-	6,672,425	6,216,109	6,469,708	6,216,109	13,142,133
Interest on long-term debt	580,558	687,665	-	-	580,558	687,665
<b>Total expenses</b>	<u>61,977,546</u>	<u>59,858,369</u>	<u>6,216,109</u>	<u>6,469,708</u>	<u>68,193,655</u>	<u>66,328,077</u>
Increase in net assets	1,214,055	2,609,860	(450,268)	2,685,564	763,787	5,295,424
Transfers	163,804	203,145	(163,804)	(203,145)	-	-
Gain on disposal of capital assets	-	(669)	-	-	-	(669)
<b>Increase (Decrease) in Net Assets</b>	<u>1,377,859</u>	<u>2,812,336</u>	<u>(614,072)</u>	<u>2,482,419</u>	<u>763,787</u>	<u>5,294,755</u>
<b>Net Assets - beginning</b>	<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>
<b>Prior period adjustments</b>	<u>-</u>	<u>845,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,809</u>
<b>Net Assets - beginning (restated)</b>	<u>34,982,522</u>	<u>32,170,186</u>	<u>27,098,702</u>	<u>24,616,283</u>	<u>62,081,224</u>	<u>56,786,469</u>
<b>Net Assets - ending</b>	<u>\$ 36,360,381</u>	<u>\$ 34,982,522</u>	<u>\$ 26,484,630</u>	<u>\$ 27,098,702</u>	<u>\$ 62,845,011</u>	<u>\$ 62,081,224</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 \$16,291,735. Approximately 11.7% of the total amount, or \$1,898,840 constituted unreserved fund balances. The remainder of the fund balance is reserved for of future commitments or designated for specific purposes.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

**Reserved and designated fund balances:**

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
<b>Fund balances:</b>					
Reserved for:					
Town held tax liens	\$ 134,372	\$ -	\$ -	\$ -	\$ 134,372
Capital expenditures	3,125,224	-	-	-	3,125,224
Subsequent year's expenditures (RUBS)	3,326,468	-	-	-	3,326,468
Subsequent year's bedgeted expenditures	1,550,000	710,179	-	-	2,260,179
Loss of state & federal funding	-	620,742	-	-	620,742
Perpetual care	-	-	-	63,414	63,414
Unrserved: designated for:					
Supplement future tax assessments	3,303,256	-	-	-	3,303,256
Capital reserve	115,246	-	-	-	115,246
Land trust	57,623	-	-	-	57,623
Subsequent year's expenditures	100,000	-	-	-	100,000
Capital outlay	250,000	535,547	-	-	785,547
NRIC	-	500,000	-	-	500,000
Restricted state aid	-	824	-	-	824
Unreserved , reported in					
General fund	3,030,955	-	-	-	3,030,955
Special revenue funds	-	277,784	-	7,075,538	7,353,322
Capital projects fund	-	-	(2,446,791)	(6,038,646)	(8,485,437)
<b>Total fund balances</b>	<b>\$ 14,993,144</b>	<b>\$ 2,645,076</b>	<b>\$ (2,446,791)</b>	<b>\$ 1,100,306</b>	<b>\$ 16,291,735</b>

**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 \$7,278,605.

**General Fund Budgetary Highlights**

For the year ended June 30, 2010, the General Fund revenues and transfers were under budget projections by \$29,041, or 0.05%. General Fund expenditures were under budget by \$231,179, or 0.4%. This resulted in a \$202,138 budgetary surplus in the General Fund for the year ended June 30, 2010.

**Revenues:**

Real Estate, tangible and auto taxes (including state phase-out) – were under budget by \$347,958 due to reduced funding by the state during the operating year just prior to the fiscal year end.

Licenses, fees and permits – were over budget by \$271,581 due to an unanticipated increase in building permit fees and recording fees collected.

Departmental revenues – were over budget by \$536,216 due to revised methods of revenue reporting during the operating year.



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

**Expenditures:**

General government expenditures – was under budget by \$419,912 due to reductions in capital expenses during the fiscal year.

Public Safety – was over budget by \$428,275 due to revised methods of revenue reporting during the operating year.

Public Works - was under budget by \$207,007 due to unfilled positions, reduced fuel costs, and a reduction in capital expenses.

Town Other - was under budget by \$606,376 as a result of negotiations with the Town's health and dental care providers 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 \$58,792,487 net of accumulated depreciation at June 30, 2010. 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 35 and 36.

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

	Governmental Activities		Business-Type Activities		Total 2010	Total 2009
	2010	2009	2010	2009		
Land	\$ 12,184,956	\$ 8,959,839	\$ 608,170	\$ 393,170	\$ 12,793,126	\$ 9,353,009
Construction in progress	175,308	693,084	161,730	17,929	337,038	711,013
Land improvements	-	-	21,909	21,449	21,909	21,449
Issuance costs	-	-	74,731	45,026	74,731	45,026
Plant and buildings	12,982,779	13,561,471	3,711,434	3,785,844	16,694,213	17,347,315
Pumping station and equipment	-	-	7,091,223	7,649,226	7,091,223	7,649,226
Street mains and manholes	-	-	6,443,459	6,303,281	6,443,459	6,303,281
Furniture and equipment	999,978	981,549	31,988	175,870	1,031,966	1,157,419
Motor vehicles	1,583,629	898,178	137,300	69,494	1,720,929	967,672
Transmission lines and hydrants	-	-	2,210,929	2,272,509	2,210,929	2,272,509
Infrastructure	10,372,964	10,340,215	-	-	10,372,964	10,340,215
Total	<u>\$ 38,299,614</u>	<u>\$ 35,434,336</u>	<u>\$ 20,492,873</u>	<u>\$ 20,733,798</u>	<u>\$ 58,792,487</u>	<u>\$ 56,168,134</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(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 \$8,420,000. 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 2010	Total 2009
	2010	2009	2010	2009		
Bonds payable	\$ 8,420,000	\$ 9,250,000	\$ -	\$ -	\$ 8,420,000	\$ 9,250,000
Lease participation certificates	2,435,000	3,175,000	-	-	2,435,000	3,175,000
Notes payable	-	-	1,286,848	801,000	1,286,848	801,000
Total	<u>\$ 10,855,000</u>	<u>\$ 12,425,000</u>	<u>\$ 1,286,848</u>	<u>\$ 801,000</u>	<u>\$ 12,141,848</u>	<u>\$ 13,226,000</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 37 through 40 and on pages 100 through 102.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2010 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 \$90,406,573 at year-end. The Town's outstanding general obligation debt is \$8,420,000 at year-end, of which none is subject to the legal debt margin. See Exhibit 12 on page 115 for a further explanation of debt subject to the margin.

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

Smithfield is known as the Apple Valley for orchards. In the 20<sup>th</sup> century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 68.55% of the tax base while commercial and industrial account for 25.30% 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 2010 the median sale price for single family homes in Smithfield was \$227,000.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2010**  
**(Un-audited)**

**POPULATION**

In 2000 Smithfield was ranked 18<sup>th</sup> 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 2011 amounts to \$60,619,089 which reflects a decrease of \$51,497 or .01% over the fiscal 2010 budget of \$60,670,586. Of the Town's 2011 budget, \$32,437,157, or 54% is budgeted for education expenditures.

The state of Rhode Island is budgeted to contribute \$4,648,478 to the Town's education department based on State Aid.

The Town's tax rate for fiscal 2011 is \$15.59 per \$1,000 of assessed value with 46% allocated for general government and 54% allocated for education. For fiscal 2010 the Town's tax rate was \$13.98 per \$1,000 of assessed value with 47% allocated for general government and 53% 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, 2010**

**Primary Government**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,686,843	\$ 8,633,042	\$ 27,319,885
Investments	570,447	225,132	795,579
<b>Accounts receivable:</b>			
Taxes - net	2,439,661	-	2,439,661
Water and sewer assessments and user fees - net	-	1,138,705	1,138,705
Other receivables	199,538	393,636	593,174
Due from other governments	781,768	10,447	792,215
Town held tax liens	134,372	-	134,372
Inventory at cost	-	25,945	25,945
Prepaid Items	52,314	107,567	159,881
Other Assets - net	-	6,000	6,000
<b>Capital assets:</b>			
Property, plant and equipment - net	38,124,306	20,492,873	58,617,179
Construction in progress	175,308	-	175,308
<b>Total capital assets</b>	<u>38,299,614</u>	<u>20,492,873</u>	<u>58,792,487</u>
<b>TOTAL ASSETS</b>	<u>61,164,557</u>	<u>31,033,347</u>	<u>92,197,904</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,756,825	605,083	2,361,908
Unearned revenue	116,666	831,780	948,446
Bond anticipation note	2,635,000	-	2,635,000
Internal balances	(1,825,006)	1,825,006	-
Other liabilities	2,886,954	-	2,886,954
<b>Long-term liabilities</b>			
Due within one year	2,663,620	84,490	2,748,110
Due in more than one year	16,570,117	1,202,358	17,772,475
<b>Total liabilities</b>	<u>24,804,176</u>	<u>4,548,717</u>	<u>29,352,893</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	27,277,016	19,206,025	46,483,041
Unrestricted	9,083,365	7,278,605	16,361,970
<b>Total net assets</b>	<u>\$ 36,360,381</u>	<u>\$ 26,484,630</u>	<u>\$ 62,845,011</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, 2010**

	Expenses	Program revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities
<b>Functions/ Programs</b>						
<b>Primary government</b>						
Governmental activities:						
General government	\$ 7,165,831	\$ 811,901	\$ 942,799	\$ 707,732	\$ (4,703,399)	\$ (4,703,399)
Public safety	15,133,585	1,208,704	176,655	124,790	(13,623,436)	(13,623,436)
Public works	4,048,196	189,009	50,494	427,838	(3,380,855)	(3,380,855)
Education	34,340,402	-	8,218,229	-	(26,122,173)	(26,122,173)
Public health and assistance	38,334	8,213	23,507	-	(6,614)	(6,614)
Parks and recreation	590,711	19,997	-	-	(570,714)	(570,714)
Community development	79,929	-	79,929	-	-	-
Interest on long-term debt and other cost	580,558	-	-	-	(580,558)	(580,558)
<b>Total governmental activities</b>	<u>61,977,546</u>	<u>2,237,824</u>	<u>9,491,613</u>	<u>1,260,360</u>	<u>(48,987,749)</u>	<u>(48,987,749)</u>
Business type activities:						
Sewer Authority	2,353,160	2,583,188	-	-	-	\$ 230,028
Water Supply Board	1,007,849	1,134,487	-	-	-	126,638
Non-Major Funds	2,855,100	1,651,349	246,309	-	-	(957,442)
<b>Total business-type activities</b>	<u>6,216,109</u>	<u>5,369,024</u>	<u>246,309</u>	<u>-</u>	<u>-</u>	<u>(600,776)</u>
<b>Total primary government</b>	<u>\$ 68,193,655</u>	<u>\$ 7,606,848</u>	<u>\$ 9,737,922</u>	<u>\$ 1,260,360</u>	<u>(48,987,749)</u>	<u>(49,588,525)</u>
<b>General revenues:</b>						
Property taxes					49,509,411	49,509,411
Unrestricted investment earnings					503,420	653,928
Other revenues					188,973	188,973
Transfers					163,804	-
Total general revenues					<u>50,365,608</u>	<u>50,352,312</u>
<b>Change in net assets</b>					<u>1,377,859</u>	<u>763,787</u>
Net assets - beginning					<u>34,982,522</u>	<u>62,081,224</u>
<b>Net assets - ending</b>					<u>\$ 36,360,381</u>	<u>\$ 62,845,011</u>

*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, 2010**

	<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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,615,014	\$ 369,060	\$ -	\$ 6,702,769	\$ 18,686,843
Investments	-	-	-	570,447	570,447
<b>Accounts receivable:</b>					
Taxes, net	2,439,661	-	-	-	2,439,661
Other	18,367	131,404	-	3,062	152,833
Town held tax liens	134,372	-	-	-	134,372
Due from other governments	98,785	-	-	682,983	781,768
Prepays	52,314	-	-	-	52,314
Internal balances	14,848,086	3,128,505	188,209	4,003,003	22,167,803
<b>TOTAL ASSETS</b>	<u>\$ 29,206,599</u>	<u>\$ 3,628,969</u>	<u>\$ 188,209</u>	<u>\$ 11,962,264</u>	<u>\$ 44,986,041</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 347,636	\$ 837,871	\$ -	\$ 18,956	\$ 1,204,463
Accrued payroll and benefits	452,063	-	-	-	452,063
Due to other governments	13,582	-	-	-	13,582
Internal balances	11,939,712	69,937	-	10,659,216	22,668,865
Deferred revenues	1,172,293	-	-	116,666	1,288,959
Bond anticipation note payable	-	-	2,635,000	-	2,635,000
Other liabilities	288,169	76,085	-	67,120	431,374
<b>Total liabilities</b>	<u>14,213,455</u>	<u>983,893</u>	<u>2,635,000</u>	<u>10,861,958</u>	<u>28,694,306</u>
<b>Fund balances:</b>					
Reserved for:					
Town held tax liens	134,372	-	-	-	134,372
Capital expenditures	3,125,224	-	-	-	3,125,224
Subsequent year's expenditures (RUBS)	3,326,468	-	-	-	3,326,468
Subsequent year's budgeted expenditures	1,550,000	710,179	-	-	2,260,179
Loss of state & federal funding	-	620,742	-	-	620,742
Perpetual care	-	-	-	63,414	63,414
Unreserved: designated for:					
Supplement future tax assessments	3,303,256	-	-	-	3,303,256
Capital reserve	115,246	-	-	-	115,246
Land trust	57,623	-	-	-	57,623
Subsequent year's expenditures	100,000	-	-	-	100,000
Capital outlay	250,000	535,547	-	-	785,547
Unanticipated costs	-	500,000	-	-	500,000
Restricted state aid	-	824	-	-	824
Unreserved, reported in					
General fund	3,030,955	-	-	-	3,030,955
Special revenue funds	-	277,784	-	7,075,538	7,353,322
Capital projects fund	-	-	(2,446,791)	(6,038,646)	(8,485,437)
<b>Total fund balances</b>	<u>14,993,144</u>	<u>2,645,076</u>	<u>(2,446,791)</u>	<u>1,100,306</u>	<u>16,291,735</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 29,206,599</u>	<u>\$ 3,628,969</u>	<u>\$ 188,209</u>	<u>\$ 11,962,264</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)	38,299,614
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10)	1,002,769
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10)	(19,233,737)
<b>Net assets of governmental activities</b>	<u>\$ 36,360,381</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, 2010**

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
General property tax	\$ 49,599,927	\$ -	\$ -	\$ -	\$ 49,599,927
Intergovernmental	1,125,648	-	-	1,922,088	3,047,736
State aid for education	4,635,136	-	-	-	4,635,136
Federal revenue - SFSE	104,661	-	-	-	104,661
License, fees and permits	731,581	-	-	-	731,581
Investment income	470,404	-	-	33,016	503,420
Departmental	841,716	-	-	-	841,716
Other revenues	-	1,394,180	-	2,234,787	3,628,967
<b>Total revenues</b>	<u>57,509,073</u>	<u>1,394,180</u>	<u>-</u>	<u>4,189,891</u>	<u>63,093,144</u>
<b>Expenditures</b>					
General government	2,736,322	-	-	151,470	2,887,792
Public safety	9,779,610	-	-	175,091	9,954,701
Public works	2,766,234	-	-	14,915	2,781,149
Education	-	33,025,524	-	1,577,409	34,602,933
Public health and assistance	38,334	-	-	-	38,334
Parks and recreation	472,981	-	-	-	472,981
Community development	-	-	-	79,929	79,929
Employee benefits and operating grants	6,998,640	-	-	-	6,998,640
<b>Debt service:</b>					
Principal	1,570,000	-	-	-	1,570,000
Interest and other cost	592,423	-	-	-	592,423
<b>Capital:</b>					
Capital outlay	-	-	-	4,301,472	4,301,472
<b>Total expenditures</b>	<u>24,954,544</u>	<u>33,025,524</u>	<u>-</u>	<u>6,300,286</u>	<u>64,280,354</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>32,554,529</u>	<u>(31,631,344)</u>	<u>-</u>	<u>(2,110,395)</u>	<u>(1,187,210)</u>
<b>Other financing sources (uses)</b>					
Transfers from other funds	3,029,405	-	-	2,063,829	5,093,234
Transfers from General Fund - local appropriation	-	27,294,293	-	-	27,294,293
Transfers from General Fund - state aid	-	4,635,136	-	-	4,635,136
Transfers from General Fund - federal SFSE	-	104,661	-	-	104,661
Transfers to School Unrestricted Fund - appropriation	(27,294,293)	-	-	-	(27,294,293)
Transfers to School Unrestricted Fund - State-aid for education	(4,635,136)	-	-	-	(4,635,136)
Transfers to School Unrestricted Fund - federal SFSE	(104,661)	-	-	-	(104,661)
Transfers to other funds	(2,826,481)	-	-	(2,102,949)	(4,929,430)
<b>Total other financing sources (uses)</b>	<u>(31,831,166)</u>	<u>32,034,090</u>	<u>-</u>	<u>(39,120)</u>	<u>163,804</u>
<b>Excess of revenues and other sources over(under) expenditures and other uses</b>	<u>723,363</u>	<u>402,746</u>	<u>-</u>	<u>(2,149,515)</u>	<u>(1,023,406)</u>
<b>Fund balances - beginning</b>	<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>
<b>Fund balances - ending</b>	<u>\$ 14,993,144</u>	<u>\$ 2,645,076</u>	<u>\$ (2,446,791)</u>	<u>\$ 1,100,306</u>	<u>\$ 16,291,735</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, 2010**

Net change in fund balances-total governmental funds		\$ (1,023,406)
<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 \$5,145,756 exceed depreciation (\$2,280,478) in the current period</p>		
	2,865,278	
<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>		
	(90,516)	
<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>		
	42,917	
<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>		
Principal payments made on long-term debt	1,570,000	
Decrease in capital leases	60,960	
Net increase in compensated absences	(321,936)	
Net increase in the other post employment benefit obligation	(909,835)	
Net increase in the net pension obligation	<u>(815,603)</u>	<u>(416,414)</u>
Change in net assets of governmental activities		<u>\$ 1,377,859</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, 2010**

	<b>Enterprise Funds</b>			
	<b>Sewer Authority</b>	<b>Water Supply Board</b>	<b>Non-Major Funds</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 6,156,429	\$ 1,028,760	\$ 1,447,853	\$ 8,633,042
Investments	-	-	225,132	225,132
Water and sewer assessments and user fees - net	238,539	66,434	29,525	334,498
Other receivables-net	393,636	-	-	393,636
Prepaid expenses	107,567	-	-	107,567
Due from other governments	-	-	10,447	10,447
Inventory	-	25,945	-	25,945
<b>Total current assets</b>	<b>6,896,171</b>	<b>1,121,139</b>	<b>1,712,957</b>	<b>9,730,267</b>
<b>Non-current assets</b>				
Sewer assessment fees	804,207	-	-	804,207
Asset restricted to investment in building	-	-	6,000	6,000
Net capital assets	15,054,493	2,463,011	2,975,369	20,492,873
<b>Total non-current assets</b>	<b>15,858,700</b>	<b>2,463,011</b>	<b>2,981,369</b>	<b>21,303,080</b>
<b>TOTAL ASSETS</b>	<b>22,754,871</b>	<b>3,584,150</b>	<b>4,694,326</b>	<b>31,033,347</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	345,046	64,811	120,635	530,492
Deferred revenues	829,145	-	2,635	831,780
Internal balances	1,213,965	275,175	335,866	1,825,006
Current portion of bonds and notes payable	84,490	-	-	84,490
<b>Total current liabilities</b>	<b>2,472,646</b>	<b>339,986</b>	<b>459,136</b>	<b>3,271,768</b>
<b>Non-current liabilities</b>				
Compensated absences payable	5,544	23,115	45,932	74,591
Bonds and notes payable long term portion	1,202,358	-	-	1,202,358
<b>Total non-current liabilities</b>	<b>1,207,902</b>	<b>23,115</b>	<b>45,932</b>	<b>1,276,949</b>
<b>Total liabilities</b>	<b>3,680,548</b>	<b>363,101</b>	<b>505,068</b>	<b>4,548,717</b>
<b>Net Assets</b>				
Invested in Capital assets, net of related debt	13,767,645	2,463,011	2,975,369	19,206,025
Unrestricted	5,306,678	758,038	1,213,889	7,278,605
<b>Total Net Assets</b>	<b>\$ 19,074,323</b>	<b>\$ 3,221,049</b>	<b>\$ 4,189,258</b>	<b>\$ 26,484,630</b>

*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, 2010**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Sewer Authority</b>	<b>Water Supply Board</b>	<b>Non-Major Funds</b>	
<b>Operating revenues</b>				
User fees and service	\$ 2,531,494	\$ 1,031,518	\$ 729,963	\$ 4,292,975
Food sales	-	-	481,922	481,922
Intergovernmental	-	-	408,277	408,277
Other revenues	51,694	102,969	31,187	185,850
<b>Total operating revenues</b>	<u>2,583,188</u>	<u>1,134,487</u>	<u>1,651,349</u>	<u>5,369,024</u>
<b>Operating expenses</b>				
Salaries and benefits	100,246	212,431	1,328,698	1,641,375
Operations	1,202,808	716,885	1,334,244	3,253,937
Depreciation and amortization	1,031,265	78,533	189,209	1,299,007
<b>Total operating expenses</b>	<u>2,334,319</u>	<u>1,007,849</u>	<u>2,852,151</u>	<u>6,194,319</u>
<b>Operating income (loss)</b>	<u>248,869</u>	<u>126,638</u>	<u>(1,200,802)</u>	<u>(825,295)</u>
<b>Non-operating revenues (expenses)</b>				
Contribution revenue	-	-	246,309	246,309
Interest income	119,667	9,342	10,632	139,641
Unrealized gain on investment	-	-	10,867	10,867
Interest expense	(18,841)	-	(2,949)	(21,790)
<b>Total non-operating (expenses)</b>	<u>100,826</u>	<u>9,342</u>	<u>264,859</u>	<u>375,027</u>
<b>Transfers</b>				
Transfers in (out)	(1,171,925)	(200,000)	1,208,121	(163,804)
<b>Total transfers</b>	<u>(1,171,925)</u>	<u>(200,000)</u>	<u>1,208,121</u>	<u>(163,804)</u>
<b>Change in Net Assets</b>	<u>(822,230)</u>	<u>(64,020)</u>	<u>272,178</u>	<u>(614,072)</u>
<b>Total Net Assets - Beginning</b>	19,896,553	3,285,069	3,917,080	27,098,702
<b>Total Net Assets - Ending</b>	<u>\$ 19,074,323</u>	<u>\$ 3,221,049</u>	<u>\$ 4,189,258</u>	<u>\$ 26,484,630</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, 2010**

	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Sewer Authority</u>	<u>Water Supply Board</u>	<u>Non-Major Funds</u>	
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 2,161,840	\$ 1,036,504	\$ 1,423,116	\$ 4,621,460
Cash received from providing services	-	102,969	275,625	378,594
Cash payments to suppliers for goods and services	(910,363)	(701,182)	(1,346,113)	(2,957,658)
Cash payments to employees for services	(94,702)	(200,458)	(1,342,629)	(1,637,789)
<b>Net cash provided by (used for) operating activities</b>	<u>1,156,775</u>	<u>237,833</u>	<u>(990,001)</u>	<u>404,607</u>
<b>Cash flows from non-capital financing activities</b>				
Transfers from (to) other funds	(1,171,925)	(200,000)	1,208,121	(163,804)
Contribution revenue received	-	-	246,309	246,309
Interfund loans	7,800	(28,409)	280,298	259,689
<b>Net cash provided by non-capital financing activities</b>	<u>(1,164,125)</u>	<u>(228,409)</u>	<u>1,734,728</u>	<u>342,194</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on bonds & notes	(50,000)	-	-	(50,000)
Additions to capital assets	(525,880)	-	(532,204)	(1,058,084)
Interest paid on long term debt	(18,841)	-	(2,949)	(21,790)
Proceeds received from bonds/notes	535,848	-	-	535,848
<b>Net cash (used for) capital and related financing activities</b>	<u>(58,873)</u>	<u>-</u>	<u>(535,153)</u>	<u>(594,026)</u>
<b>Cash flows from investing activities</b>				
Interest income	119,667	9,342	10,632	139,641
Unrealized gain on investment	-	-	10,867	10,867
Net purchases of investments	-	-	(65,788)	(65,788)
<b>Net cash provided by investing activities</b>	<u>119,667</u>	<u>9,342</u>	<u>(44,289)</u>	<u>84,720</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	53,444	18,766	165,285	237,495
<b>Cash and cash equivalents at beginning of year</b>	6,102,985	1,009,994	1,282,568	8,395,547
<b>Cash and cash equivalents at end of year</b>	<u>\$ 6,156,429</u>	<u>\$ 1,028,760</u>	<u>\$ 1,447,853</u>	<u>\$ 8,633,042</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, 2010**  
*(continued)*

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
<b>Operating income (Loss)</b>	\$ 248,869	\$ 126,638	\$ (1,200,802)	\$ (825,295)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation and amortization	1,031,265	78,533	189,209	1,299,007
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in inventory	-	920	-	920
(Increase) decrease in accounts receivable	(469,713)	4,986	28,567	(436,160)
(Increase) decrease in prepaid expenses	(39,448)	-	24,399	(15,049)
Increase (decrease) in accounts payable	331,893	14,783	(11,869)	334,807
Increase (decrease) in accrued expense	-	-	(13,931)	(13,931)
Increase (decrease) in compensated absences	5,544	11,973	-	17,517
Increase (decrease) in deferred revenue	48,365	-	(5,574)	42,791
<b>Total adjustments</b>	907,906	111,195	210,801	1,229,902
<b>Net cash provided by operating activities</b>	\$ 1,156,775	\$ 237,833	\$ (990,001)	\$ 404,607

*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, 2010**

	<u>Employee Retirements Funds</u>			<u>Agency Funds</u>
	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Total</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 572,176
Internal balances	2,289,176	83,597	2,372,773	-
<i>Investments, at fair value:</i>				
Cash management investment funds	2,133,925	2,712,608	4,846,533	-
Indexed stock fund	192,946	4,246,966	4,439,912	-
Diversified stock fund	149,933	3,825,891	3,975,824	-
Total investments	<u>2,476,804</u>	<u>10,785,465</u>	<u>13,262,269</u>	<u>-</u>
<b>Total Assets</b>	<u>4,765,980</u>	<u>10,869,062</u>	<u>15,635,042</u>	<u>572,176</u>
<b>LIABILITIES</b>				
Deposits held in custody for others	-	-	-	525,471
Internal balances	-	-	-	46,705
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 572,176</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	<u>\$ 4,765,980</u>	<u>\$ 10,869,062</u>	<u>\$ 15,635,042</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, 2010**

	<b>Police Pension Trust</b>	<b>Fire Pension Trust</b>	<b>Total</b>
<b>Additions</b>			
Contributions			
Employee	\$ -	\$ 232,763	\$ 232,763
Employer	1,048,000	577,271	1,625,271
Total contributions	<u>1,048,000</u>	<u>810,034</u>	<u>1,858,034</u>
<b>Investment earnings</b>			
Net increase (decrease) in fair value of investments	352,635	930,971	1,283,606
Interest and dividends	175,737	187,821	363,558
Total investment earnings	<u>528,372</u>	<u>1,118,792</u>	<u>1,647,164</u>
<b>Total additions</b>	<u>1,576,372</u>	<u>1,928,826</u>	<u>3,505,198</u>
<b>Deductions</b>			
Benefits paid	1,591,984	806,737	2,398,721
Transfer to state plan	2,017,015	-	2,017,015
Operating expenses	32,887	46,935	79,822
Total deductions	<u>3,641,886</u>	<u>853,672</u>	<u>4,495,558</u>
Change in net assets	(2,065,514)	1,075,154	(990,360)
<b>Net assets - beginning of year</b>	6,831,494	9,793,908	16,625,402
<b>Net assets - end of year</b>	<u>\$ 4,765,980</u>	<u>\$ 10,869,062</u>	<u>\$ 15,635,042</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, 2010**

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**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 2010:

- \* 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 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, 2010**

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**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 pronouncements in the current and 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.
- GASB Statement No. 58 – Accounting and Financial Reporting for Chapter 9 Bankruptcies, effective for the Town's fiscal year ending June 30, 2010.

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, 2010**

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**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 Funds**

Permanent Funds 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 Funds**

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. 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, 2010**

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

**Governmental Funds (Continued)**

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

Fiduciary Funds: Police Pension Trust Fund, Fire Pension Trust Fund

**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:

Agency Funds: Pupil Activity Funds, Probate Court, Street Lighting, and 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>
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**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, Animal Control Fund, Animal Control Spay/Neuter, Bulletproof Vest Grant, Byrne Grant, Capital Reserve, CDBG, Active Shooter Training, Document Preservation & Tech Upgrades, EMA – EOP, EMA – Radio, Fire Prevention, Historical Records, Inspection Fees, Kennedy Grant, Land Trust, Municipal Contingency, Operation Blue Riptide, Police Confiscated Funds, Wal-Mart Grant, Post Employment Escrow, Recreation Capital, Revaluation Escrow, Review Fees, Revolving Loan Fund, Alcohol Grant, Tobacco Grant, Passenger Safety, Click It or Ticket, Scholarship Fund, Senior Center Grant, Fire Rescue, Special Projects, Tri-Town Alcohol, Senior Center Expansion, Police Memorial, JAG Stimulus Fed, JAG Stimulus State, GPA Welfare, Senior Center Expansion, Tri-Town II, and Senior Center

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**Major and Non-Major Funds (Continued)**

Capital Projects: Apple Valley Road Connector, Building Maintenance, Deerfield Park, Deerfield Park Addition, Deerfield Park Wetlands Creation, Mann School Road Drainage, Fire Department Headquarters, Green Acres Acquisition, High School Addition, Highway Drainage, Historic Landmark, Impact Fees, Land Acquisition – Open Space, Library Bond, Middle School Additions, Open Space & Recreation Area, Police Equipment, Road Resurfacing, Senior Center, Senior Center Addition, Woods Plat Special Drainage, Esmond St. Enhancements, Water District Improvement Fee, Handicap Accessibility and Salt Barn Property

Permanent Fund: Cemetery Fund

Proprietary: School Lunch, Smithfield Ice Rink, East Smithfield Public Library, Greenville Public Library, and East Smithfield Neighborhood Center

**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. They do, however, use the accrual basis of accounting to recognize receivables and payables

**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.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

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.

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.



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

***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.

***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. Under modified accrual accounting, expenditures and liabilities related to compensated absences are recognized in the governmental funds only if they have matured (when due).

***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***

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.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**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.

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, 2010**

**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 \$3,326,468 of supplemental budgetary appropriations made during the fiscal year ended June 30, 2010.

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.

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>
<b><i>General Fund:</i></b>		
<b><i>Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual</i></b> .....	\$ 63,343,721	\$ 63,141,583
Plus: Fund Balance Reappropriated (RUBS).....	-	(3,326,468)
Less: Fund Balance Appropriations .....	<u>(2,805,243)</u>	<u>                    -</u>
<b><i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i></b> .....	<b><u>\$ 60,538,478</u></b>	<b><u>\$ 59,815,115</u></b>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

***Budgetary Process (Continued)***

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>
<b><i>School Unrestricted Fund:</i></b>		
<b><i>Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual....</i></b>		
	\$ 32,747,706	\$ 31,659,684
Transfer from fund balance to revenue for current year.....	(685,276)	-
Adjustment for pension contribution made by State of Rhode Island on behalf of employees .....	<u>1,365,840</u>	<u>1,365,840</u>
<b><i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i></b> .....	<b><u>\$ 33,428,270</u></b>	<b><u>\$ 33,025,524</u></b>

***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.

**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 invests 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.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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, 2010, none of the Town's balance of \$27,892,061 was uninsured or 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.

Cash and investments of the Town consist of the following at June 30, 2010

<b><i>Cash and cash equivalents</i></b>	
Deposits with financial institutions	\$ 27,892,061
<b><i>Investments</i></b>	
Pension trust fund:	
Cash management investment funds	4,846,533
Indexed stock fund	4,439,912
Diversified stock fund	3,975,824
Total pension investments	13,262,269
Greenville Public Library	
Mutual funds	225,132
Total Greenville Public Library	225,132
Land Trust	
Mutual funds	570,447
Total Land Trust	570,447
<b><i>Total investments</i></b>	14,057,848
<b><i>Total cash and investments</i></b>	\$ 41,949,909

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

<b><i>Statement of Net Assets</i></b>	
Cash and cash equivalents	\$ 27,319,885
Investments	795,579
	28,115,464
<b><i>Fiduciary Funds</i></b>	
Cash and cash equivalents	572,176
Investments	13,262,269
	13,834,445
<b><i>Total Cash and Investments</i></b>	\$ 41,949,909

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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, 2010. If applicable, information about the exposure of the town's debt type investments to this risk is reported using the segment time distribution model.

**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, 2010, 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 2010 were based on a net assessed value of approximately \$3,013,552,432 at December 31, 2008, and amounted to \$46,156,583. Collections through June 30, 2010 amounted to \$43,822,439, which represents 94.94% of the total tax levy. The percentage collected through August 31, 2010 was approximately 97.67%.

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, 2010 are recorded as a receivable (net of an allowance for uncollectible property taxes of \$1,388,410 and amounted to \$2,439,661. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2010 are recorded as deferred revenue, net of allowance and amounted to \$1,172,293 at June 30, 2010. Property taxes recognized as revenue for the fiscal year ended June 30, 2010 due to their collection within the 60 days immediately following June 30, 2010 amount to \$1,257,360.

During the year ended June 30, 2010 the Town received \$3,029,033 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the original law, excise on motor vehicles and trailers were to be phased out over an eight year period commencing with fiscal year 1999-2000. The 2010 legislative session altered the original law by reducing the amount of reimbursement to cities and towns from 98% of the exemption amount down to 88% of the exemption amount. The phase-out program froze the tax rate at \$39.00 per thousand dollars of value which was the rate in the fiscal year ended June 30, 1998.

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 (\$32,249) 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, 2010**

**5. INFORMATION ABOUT CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 8,959,839	\$ 3,225,117	\$ -	\$ 12,184,956
Construction in progress	693,084	175,308	693,084	175,308
Total capital assets not being depreciated	<u>9,652,923</u>	<u>3,400,425</u>	<u>693,084</u>	<u>12,360,264</u>
Other capital assets:				
Buildings and improvements	24,751,132	114,489	-	24,865,621
Equipment	2,848,213	328,786	-	3,176,999
Vehicles	5,245,235	1,023,310	546,596	5,721,949
Infrastructure	75,271,694	971,830	-	76,243,524
Total other capital assets at historical cost	<u>108,116,274</u>	<u>2,438,415</u>	<u>546,596</u>	<u>110,008,093</u>
Total capital assets	<u>117,769,197</u>	<u>5,838,840</u>	<u>1,239,680</u>	<u>122,368,357</u>
Less accumulated depreciation for:				
Buildings and improvements	11,189,661	693,181	-	11,882,842
Equipment	1,866,664	310,357	-	2,177,021
Vehicles	4,347,057	337,859	546,596	4,138,320
Infrastructure	64,931,479	939,081	-	65,870,560
Total accumulated depreciation	<u>82,334,861</u>	<u>2,280,478</u>	<u>546,596</u>	<u>84,068,743</u>
Governmental activities capital assets, net	<u>\$ 35,434,336</u>	<u>\$ 3,558,362</u>	<u>\$ 693,084</u>	<u>\$ 38,299,614</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 166,709
Public safety	664,687
Education	449,868
Recreation	962,316
Public works	36,898
Total governmental activities depreciation expense	<u>\$ 2,280,478</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**5. INFORMATION ABOUT CAPITAL ASSETS (Continued)**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 393,170	\$ 215,000	\$ -	\$ 608,170
Construction in progress	17,929	143,801	-	161,730
Total capital assets not being depreciated	<u>411,099</u>	<u>358,801</u>	<u>-</u>	<u>769,900</u>
Other capital assets:				
Land improvements	83,629	3,500	-	87,129
Issuance costs	58,064	33,219	-	91,283
Plant and Buildings	12,527,463	619,471	-	13,146,934
Pumping station and equipment	9,511,821	-	-	9,511,821
Street mains and manholes	17,390,243	24,655	-	17,414,898
Motor vehicles	154,349	-	-	154,349
Furniture and equipment	1,169,362	21,952	-	1,191,314
Transmission lines and hydrants	3,633,171	-	-	3,633,171
Total other capital assets at historical cost	<u>44,528,102</u>	<u>702,797</u>	<u>-</u>	<u>45,230,899</u>
Less accumulated depreciation for:				
Land improvements	62,180	3,040	-	65,220
Issuance costs	13,038	3,514	-	16,552
Plant and Buildings	9,035,242	400,258	-	9,435,500
Pumping station and equipment	2,124,787	295,811	-	2,420,598
Street mains and manholes	10,501,442	469,997	-	10,971,439
Motor vehicles	113,831	8,530	-	122,361
Furniture and equipment	994,221	59,793	-	1,054,014
Transmission lines and hydrants	1,360,662	61,580	-	1,422,242
Total accumulated depreciation	<u>24,205,403</u>	<u>1,302,523</u>	<u>-</u>	<u>25,507,926</u>
Business-type activities capital assets, net	<u>\$ 20,733,798</u>	<u>\$ (240,925)</u>	<u>\$ -</u>	<u>\$ 20,492,873</u>

Depreciation expense was charged to functions as follows:

<b>Business-type activities:</b>	
Sewer Authority	\$ 1,034,780
Water Supply Board	78,535
Non-major enterprise funds	189,208
Total business-type activities depreciation expense	<u>\$ 1,302,523</u>



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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 \$90,406,573, based on the net assessed valuation at December 31, 2008 of \$3,013,552,432. There is no debt presently outstanding pursuant to this limitation.

**Authorized But Unissued Debt**

The Town has a total of \$16,540,000 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 .....	1,500,000	1,500,000
Land for School, Library and Related Purposes:		
Chapter 30 PL 2006 .....	1,000,000	1,000,000
Road Repair and Reconstruction:		
Chapter 122 PL 2006 .....	5,000,000	5,000,000
<b>Total</b> .....	<u>\$19,750,000</u>	<u>\$16,540,000</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, 2010 was as follows:

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2010</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities</b>					
Bonds Payable	\$ 9,250,000	\$ -	\$ 830,000	\$ 8,420,000	\$ 830,000
Lease Participation Certificates	3,175,000	-	740,000	2,435,000	770,000
Total bonds & notes payable	<u>12,425,000</u>	<u>-</u>	<u>1,570,000</u>	<u>10,855,000</u>	<u>1,600,000</u>
Other liabilities:					
Capital leases payable	228,558	-	60,960	167,598	63,620
Net pension obligation	1,878,728	1,385,873	570,270	2,694,331	-
Net other post employment benefit obligation	869,132	2,267,872	1,358,037	1,778,967	-
Accrued compensated absences	3,415,905	1,433,021	1,111,085	3,737,841	1,000,000
Total other liabilities	<u>6,392,323</u>	<u>5,086,766</u>	<u>3,100,352</u>	<u>8,378,737</u>	<u>1,063,620</u>
Governmental Activities long-term liabilities	<u>\$ 18,817,323</u>	<u>\$ 5,086,766</u>	<u>\$ 4,670,352</u>	<u>\$ 19,233,737</u>	<u>\$ 2,663,620</u>
<b>Business-Type Activities</b>					
Notes Payable	\$ 801,000	\$ 535,848	\$ 50,000	\$ 1,286,848	\$ 84,490
Total notes payable	<u>801,000</u>	<u>535,848</u>	<u>50,000</u>	<u>1,286,848</u>	<u>84,490</u>
Other liabilities:					
Accrued compensated absences	51,621	58,779	35,809	74,591	35,000
Total other liabilities	<u>51,621</u>	<u>58,779</u>	<u>35,809</u>	<u>74,591</u>	<u>35,000</u>
Total enterprise funds	<u>\$ 852,621</u>	<u>\$ 594,627</u>	<u>\$ 85,809</u>	<u>\$ 1,361,439</u>	<u>\$ 119,490</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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%	\$ 10,855,000	2011-2024
Enterprise Funds bonds and notes payable	1.492-2.890%	1,286,848	2011-2022
<b>Total All Funds</b>		<b>\$ 12,141,848</b>	

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

For long-term liabilities other than debt, the General Fund has typically been used in prior years to liquidate amounts.

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	Total	Principal	Interest	Total	Principal	Interest	Total
2011	1,600,000	442,475	2,042,475	84,490	20,308	104,798	1,684,490	462,783	2,147,273
2012	1,640,000	369,325	2,009,325	85,491	20,031	105,522	1,725,491	389,356	2,114,847
2013	1,685,000	293,313	1,978,313	86,491	18,742	105,233	1,771,491	312,055	2,083,546
2014	830,000	236,813	1,066,813	87,491	16,993	104,484	917,491	253,806	1,171,297
2015	830,000	201,100	1,031,100	89,447	15,969	105,416	919,447	217,069	1,136,516
2016	830,000	164,550	994,550	90,447	14,482	104,929	920,447	179,032	1,099,479
2017	430,000	132,225	562,225	92,404	12,932	105,336	522,404	145,157	667,561
2018	430,000	115,025	545,025	94,404	11,309	105,713	524,404	126,334	650,738
2019	430,000	97,825	527,825	96,361	9,610	105,971	526,361	107,435	633,796
Thereafter	2,150,000	225,751	2,375,751	479,822	21,365	501,187	2,629,822	247,116	2,876,938
<b>TOTALS</b>	<b>\$ 10,855,000</b>	<b>\$ 2,278,402</b>	<b>\$ 13,133,402</b>	<b>\$ 1,286,848</b>	<b>\$ 161,741</b>	<b>\$ 1,448,589</b>	<b>\$ 12,141,848</b>	<b>\$ 2,440,143</b>	<b>\$ 14,581,991</b>

**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. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**6. LONG-TERM LIABILITIES (Continued)**

**Capital Leases**

The Town has an existing seven-year lease for the acquisition of a pumper truck and a five-year lease agreement for the acquisition of a senior center van. 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:

**Governmental Activities**

	<u>Public Safety</u>	<u>Parks and Recreation</u>
<b>Assets:</b>		
Vehicles and equipment.....	\$ 335,000	\$ 71,510
Less: accumulated depreciation.....	(126,821)	(44,098)
<b>Total</b> .....	<u>\$ 208,179</u>	<u>\$ 27,412</u>

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

2011.....	\$ 70,960
2012.....	55,437
2013.....	<u>55,437</u>
Future minimum payments.....	181,834
Less: interest.....	<u>(14,236)</u>
<b>Total long-term debt</b> .....	<u>\$167,598</u>

Payments made in fiscal 2010 totaled \$70,959, of which \$9,999 was interest and \$60,960 was the present value of the future minimum lease payments.

**7. SHORT-TERM DEBT**

At July 8, 2009, the Town issued a \$2,635,000, 2.82% Bond Anticipation Note with a maturity date of July 7, 2010. The note proceeds of \$2,325,000 were used to purchase land for school, library and related purposes, and \$310,000 of proceeds were used for land trust open space. The Town intends to finance the payment of short-term debt outstanding at the end of the period as a rollover of the obligation. See subsequent event Note 20 for a further explanation.

	<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, 2010**

**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, 2010

	<u>Due from other funds</u>		<u>Due to other funds</u>	
<b>General Fund</b>		\$ 14,848,086		\$ 11,939,712
<b>Special Revenue Funds:</b>				
School Unrestricted	3,128,505		69,937	
School Restricted	61,522		563,296	
Retirement Escrow	50,000		-	
Log Road	188,209		-	
Town Restricted	3,751,432	7,179,668	790,616	1,423,849
<b>Capital Projects:</b>		140,049		9,305,304
<b>Trust and Agency Funds:</b>				
Agency Funds	-		46,705	
Pension Trust Fund	2,372,773	2,372,773	-	46,705
<b>Proprietary Funds</b>				
Sewer Authority	-		1,213,965	
Water Supply Board	-		275,175	
School Lunch	8,415		-	
Greenville Public Library	-		290,000	
Smithfield Ice Rink	-	8,415	54,281	1,833,421
		<u>\$ 24,548,991</u>		<u>\$ 24,548,991</u>

**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>09-31-22</u>	<u>08-31-21</u>	<u>Total</u>
Contract Identification #.....			
Total entitlement	\$ 79,000	\$ 7,750	\$ 86,750
Total drawdowns through June 30, 2010	(63,340)	(7,750)	(71,090)
Balance of grant funds available at June 30, 2010	<u>\$ 15,660</u>	<u>\$ -</u>	<u>\$ 15,660</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

"Total fund balances" of the town's governmental funds \$16,291,735 differs from "net assets" of governmental activities \$36,360,381 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**

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations</b>	<b>Statement Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 18,686,843	\$ -	\$ -	\$ 18,686,843
Investments	570,447	-	-	570,447
<b>Accounts receivable:</b>				
Taxes, net	2,439,661	-	-	2,439,661
Other	152,833	-	46,705	199,538
Town held tax liens	134,372	-	-	134,372
Due from other governments	781,768	-	-	781,768
Prepays	52,314	-	-	52,314
Internal balances	22,167,803	-	(22,167,803)	-
Capital assets	-	38,299,614	-	38,299,614
<b>Total assets</b>	<b>44,986,041</b>	<b>38,299,614</b>	<b>(22,121,098)</b>	<b>61,164,557</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	1,204,463	-	-	1,204,463
Accrued payroll and benefits	452,063	86,717	-	538,780
Due to other governments	13,582	-	-	13,582
Internal balances	22,668,865	-	(24,493,871)	(1,825,006)
Deferred revenues	1,288,959	(1,172,293)	-	116,666
Bond anticipation note payable	2,635,000	-	-	2,635,000
Other liabilities	431,374	82,807	2,372,773	2,886,954
<b>Long-term liabilities</b>				
Due within one year	-	2,663,620	-	2,663,620
Due in more than one year	-	16,570,117	-	16,570,117
<b>Total liabilities</b>	<b>28,694,306</b>	<b>18,230,968</b>	<b>(22,121,098)</b>	<b>24,804,176</b>
<b>Fund Balances/Net Assets</b>				
Total fund balances/net assets	16,291,735	20,068,646	-	36,360,381
<b>Total liabilities and fund balances/net assets</b>	<b>\$ 44,986,041</b>	<b>\$ 38,299,614</b>	<b>\$ (22,121,098)</b>	<b>\$ 61,164,557</b>

(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	\$ 122,368,357
Accumulated depreciation	(84,068,743)
	<b>\$ 38,299,614</b>

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	\$ (82,807)
Accrued interest payable	(86,717)
Adjustment of deferred revenue	1,172,293
	<b>\$ 1,002,769</b>

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	\$ (10,855,000)
Capital leases	(167,598)
Accrued compensated absences	(3,737,841)
Net other post employment benefit obligation	(1,778,967)
Net pension obligation	(2,694,331)
	<b>\$ (19,233,737)</b>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

The "net change in the fund balances" for governmental funds (\$1,023,406) differs from the "change in net assets" for governmental activities \$1,377,859 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses (1)</u>	<u>Capital- related Items (2)</u>	<u>Long-term Debt Transactions (3)</u>	<u>Statement of Activities Totals</u>
<b>Revenues</b>					
General property tax	\$ 49,599,927	\$ (90,516)	\$ -	\$ -	\$ 49,509,411
Intergovernmental	3,047,736	-	-	-	3,047,736
State aid for education	4,635,136	-	-	-	4,635,136
Federal revenue - SFSE	104,661	-	-	-	104,661
License, fees and permits	731,581	-	-	-	731,581
Investment income	503,420	-	-	-	503,420
Departmental	841,716	-	-	-	841,716
Other revenues	3,628,967	31,052	157,921	-	3,817,940
<b>Total revenues</b>	<u>63,093,144</u>	<u>(59,464)</u>	<u>157,921</u>	<u>-</u>	<u>63,191,601</u>
<b>Expenditures</b>					
Current:					
General government	2,887,792	1,751,818	539,807	1,986,414	7,165,831
Public safety	9,954,701	4,827,459	351,425	-	15,133,585
Public works	2,781,149	338,531	928,516	-	4,048,196
Education	34,602,933	-	(262,531)	-	34,340,402
Public health and assistance	38,334	-	-	-	38,334
Parks and recreation	472,981	80,832	36,898	-	590,711
Community development	79,929	-	-	-	79,929
Employee benefits and operating grants	6,998,640	(6,998,640)	-	-	-
Debt service:					
Principal	1,570,000	-	-	(1,570,000)	-
Interest and other cost	592,423	(11,865)	-	-	580,558
Capital outlay	4,301,472	-	(4,301,472)	-	-
<b>Total expenditures</b>	<u>64,280,354</u>	<u>(11,865)</u>	<u>(2,707,357)</u>	<u>416,414</u>	<u>61,977,546</u>
<b>Other financing uses/changes in net assets</b>					
Net transfers to (from) other funds	163,804	-	-	-	163,804
<b>Net other financing uses</b>	<u>163,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,804</u>
Net change for the year	<u>\$ (1,023,406)</u>	<u>\$ (47,599)</u>	<u>\$ 2,865,278</u>	<u>\$ (416,414)</u>	<u>\$ 1,377,859</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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	\$ (90,516)
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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	\$ 11,865
Amortization bond premiums	31,052
Total expenditure adjustment	<u>\$ 42,917</u>

(1) For purposes of the statement of activities, expenses related to governmental activities should be classified by function rather than object of expenditure. For budgeting purposes, employee benefits and operating grants are grouped together as an object of expenditure. This allocation breaks out expenditures by function for those items.

General Government	\$ 1,751,818
Public Safety	4,827,459
Public Works	338,531
Parks and recreation	80,832
Employee benefits and operating grants	<u>(6,998,640)</u>
Difference	<u>\$ -</u>

(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	\$ 5,145,756
Depreciation expense	<u>(2,280,478)</u>
Difference	<u>\$ 2,865,278</u>

(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	\$ 1,570,000
Decrease in capital leases	60,960
Net increase in compensated absences	(321,936)
Net increase in the other post employment benefit obligation	(909,835)
Net increase in the net pension obligation	<u>(815,603)</u>
Difference	<u>\$ (416,414)</u>



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**12. RETIREMENT PLANS & POST EMPLOYMENT 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 Municipal Employees 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.

The payroll for employees covered by the System for the year ended June 30, 2010 was \$6,697,950 and the Town wide payroll was approximately \$32.2 million.

***Plan Description***

The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime. The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits.

***Funding Policy***

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 4521-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

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

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 5.44% of annual covered payroll for school department employees, and 5.56% for Town employees. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
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	(1,256,565)	106%	6,269,152	-20%
2008	22,825,218	21,713,420	(1,111,798)	105%	6,505,290	-17%
2009	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
2010	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

\* Unavailable as of the date of this report

**Annual Pension Cost**

For 2010, the Town contributed \$372,914 for MERS. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal cost method with frozen initial liability.

The amounts contributed to the plan are as follows:

**Schedule of Contributions from the Town**

Year Ended June 30	Contributions	Annual Pension Cost	Percentage of APC Contributed
2008	128,754	128,754	100%
2009	376,777	376,777	100%
2010	372,914	372,914	100%

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)**

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

**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	June 30, 2007
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-year period
Remaining amortization period	19 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.25%, Compounded Annually
Projected salary increases	4.50-8.50%, Compounded Annually
Cost-of-living adjustments	3.00% Non-Compounded
Inflation	3.00% Annually

**(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, 2010 was \$16,695,309. The Town's total payroll was approximately \$32.2million.

**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. The plan provides a two-tier benefit structure referred to as Schedules A and B.

**Schedule A Benefits**

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

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

**Schedule B Benefits**

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

**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 11.25%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 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** – Schedule A - 3.0 percent compounded annually for members eligible at 9/30/09, 2.5 percent compounded annually for members not eligible at 9/30/09. Schedule B – 2.5 percent compounded

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 8.18% of non-federally reimbursable payrolls totaling \$1,365,840 for the fiscal year ended June 30, 2010. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

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

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

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

The amounts contributed to the plan are as follows:

<u>Years Ending June 30,</u>	<u>Employee Contributions</u>	<u>Town's Portion of Annual Required Contributions</u>	<u>Percentage Contributed</u>
2010	\$1,586,246	\$2,013,722	100%
2009	\$1,526,347	\$1,927,304	100%
2008	\$1,497,146	\$2,106,950	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, 2009 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**

The Town of Smithfield has had a Police Pension Plan in effect, which was being operated by John Hancock. The Town's obligations were not clearly defined between the June 30, 2006, discontinuance of the original plan and the formal adoption of the successor plan, which was effective July 1, 2010. As of 6/30/2006, the original plan has been closed. A new plan, which clearly defines the Town's responsibilities, is in effect as of 7/1/10. This new plan results in a NPO of 0 for FYE 2010, as all required contributions have been performed on a new actuarial determined basis. Although there is previous history of unfunded balances due to Police Pension Plans, the obligation of funding the new plan starts as of 7/1/10.

**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, 2010, the plan was comprised of forty-four participants: five disabled, and thirty-nine retired participants. The Police Pension Plan does not issue a separate, stand-alone, audited GAAP-basis report.

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, 2010**

**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").

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.

**Funding Policy**

Total contributions for the year ended June 30, 2010 were \$1,048,000. Plan administrative cost are paid from plan assets.

<b>Plan Assets:</b>	2010	2009	2008
<b>Fund value assets at beginning of year</b>	\$ 3,542,319	\$ 4,548,659	\$ 6,455,814
Plan income year ended June 30:			
Employer contributions	2,048,000	1,048,000	-
Employee contributions	-	-	-
Investment return	528,371	(480,733)	(361,724)
Plan expenses year ended June 30:			
Benefits paid	(1,591,984)	(1,539,998)	(1,498,309)
Transfers to state plan	(2,017,015)	-	-
Administrative costs	(32,887)	(33,609)	(47,122)
<b>Fund value assets at June 30</b>	<b>\$ 2,476,804</b>	<b>\$ 3,542,319</b>	<b>\$ 4,548,659</b>

The Unfunded Actuarial Accrued Liability is \$19,200,349. The actuarial cost method used to calculate the unfunded liability was the Unit Credit 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 being amortized over a 20 year period as a level dollar amount on a closed basis. 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%, inflation rate 3.0%.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)**

**(c) Police Pension Plan (Continued)**

**Schedule of Funding Progress (Old & New Plan)**

Actuarial Valuation Date July 1,	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)
2005	7,161,996	19,691,681	12,529,685	36%	1,163,680	1077%
2006	8,050,660	19,642,923	11,592,263	41%	1,454,021	797%
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*
2010	2,476,804	21,677,153	19,200,349	11%	N/A*	N/A*

**Schedule of Contributions from the Town (Old & New Plan)**

Year Ended June 30	Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation
2005	1,357,089	1,167,128	116%	-
2006	1,583,170	1,032,192	153%	-
2007	1,193,376	N/A*	N/A*	N/A*
2008	1,048,000	N/A*	N/A*	N/A*
2009	1,048,000	N/A*	N/A*	N/A*
2010	1,048,000	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.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)**

**(c) Police Pension Plan (Continued)**

**NOTES TO SCHEDULES**

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2010
Actuarial cost method	Unit credit method
Amortization method	Level dollar amount
Remaining amortization period	20 years
Asset valuation method	IPG assets are determined at book value, all other investments at current market value
Actuarial assumptions:	
Investment rate of return	8.5%, net of investment expenses
Cost-of-living adjustments	3% annually

***Police Pension Effective FY 2000 for New Hires***

Effective fiscal year 2000, new hires of the Town of Smithfield Police Department participate 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 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, 2010 was \$2,715,623 and the Town wide payroll was approximately \$32.2 million.

***Plan Description***

The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime. The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits.



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(c) Police Pension Plan (Continued)**

**Funding Policy**

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 4521-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a period not to exceed 30 years from June 30, 1999.

MERS members are required to contribute 9.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 21.37% for Police employees. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
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	3,379,943	6,647,186	3,267,243	51%	2,376,903	137%
2009	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
2010	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

\* Unavailable as of the date of this report

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(c) Police Pension Plan (Continued)**

**Annual Pension Cost**

For 2010, the Town contributed \$548,607 for MERS. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal cost method with frozen initial liability.

The amounts contributed to the plan are as follows:

**Schedule of Contributions from the Town**

Year Ended June 30	Contributions	Annual Pension Cost	Percentage of APC Contributed
2008	671,315	671,315	100%
2009	506,315	506,315	100%
2010	548,607	548,607	100%

**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	June 30, 2007
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll - Closed
Remaining amortization period	19 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.25%, Compounded Annually
Projected salary increases	4.75-14.75%, Compounded Annually
Cost-of-living adjustments	3.00% Non-Compounded
Inflation	3.00% Annually

**(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, 2010, the plan was comprised of 81 participants: 52 active, 3 terminated vested, 5 disabled, and 21 retired participants. 28 of the 54 active participants had sufficient service to be vested at June 30, 2010. The Fire Pension Plan does not issue a separate, stand-alone, audited GAAP-basis report.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)**

**(d) Fire Pension Plan (Continued)**

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.

**Funding Policy**

As a condition of participation in the plan, members of the fire department are required to make contributions each year at 8.0% of their base 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, 2010, the Town and plan participants contributed 19.6% and 8.0% of covered payroll, respectively. Total contributions for the year ended June 30, 2010, were \$810,034. The contributions based on an accrual basis were comprised of a Town contribution of \$577,271 and an employee contribution of \$232,763. Total covered payroll for the year ended June 30, 2010 was approximately \$2,622,842. Plan administrative costs are paid from plan assets.

<b>Plan Assets:</b>	2010	2009	2008
<b>Fund value assets at beginning of year</b>	\$ 9,793,908	\$ 12,923,279	\$ 14,622,348
Plan income year ended June 30:			
Employer contributions	577,271	550,611	563,084
Employee contributions	232,763	212,611	215,096
Investment return	1,118,792	(3,115,633)	(1,783,862)
Plan expenses year ended June 30:			
Benefits paid	(806,737)	(743,351)	(611,031)
Administrative costs	(46,935)	(33,609)	(82,357)
<b>Fund value assets at June 30</b>	<b>\$ 10,869,062</b>	<b>\$ 9,793,908</b>	<b>\$ 12,923,279</b>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(d) Fire Pension Plan (Continued)**

**Annual Pension Cost**

<b>Unfunded Actuarial Accrued Liability:</b>	2010	2009	2008
<b>Unfunded actuarial accrued liability at beginning of year</b>	\$ 2,793,496	\$ 2,394,097	\$ 2,336,573
Interest at 8.5%	237,447	203,498	198,608
Normal cost assumed due July 1	1,060,325	716,977	391,501
Interest at 8.5%	90,128	60,943	33,278
Assumption changes	208,839	-	-
Less: contributions applicable to plan year ending June 30	(570,270)	(561,013)	(543,246)
Interest at 8.5%	(23,742)	(21,006)	(22,617)
<b>Unfunded actuarial accrued liability at June 30</b>	<b>\$ 3,796,223</b>	<b>\$ 2,793,496</b>	<b>\$ 2,394,097</b>

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 being amortized over a 25 year period as a level percentage of projected payroll on a closed basis. 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%, inflation rate 3.0%.

*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, 2010.

Annual required contribution	\$1,452,418
Interest on net pension obligation	159,692
Adjustment to annual required contribution	<u>(226,237)</u>
Annual pension cost	1,385,873
Contributions applicable to plan year ending June 30	<u>570,270</u>
Increase (decrease in net pension obligation)	<u>815,603</u>
Net pension obligation beginning of year	<u>1,878,728</u>
Net pension obligation end of year	<u><u>\$2,694,331</u></u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(d) Fire Pension Plan (Continued)**

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
2005	11,388,221	13,210,377	1,822,156	86%	1,918,028	95%
2006	12,402,997	14,392,140	1,989,143	86%	2,503,328	79%
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%
2010	10,862,060	14,658,283	3,796,223	74%	2,622,842	145%

**Schedule of Contributions from the Town**

Year Ended June 30	Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation
2005	380,764	627,734	61%	619,555
2006	443,807	707,557	63%	869,116
2007	479,392	912,526	53%	1,280,148
2008	495,848	693,229	72%	1,441,286
2009	561,013	1,044,019	54%	1,878,728
2010	570,270	1,452,418	39%	2,694,331

**NOTES TO SCHEDULES**

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2010
Actuarial cost method	Frozen Initial Liability
Amortization method	Level Percent of Payroll - Closed
Remaining amortization period	15 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	3.0% annually
Inflation	3.0% annually

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(e) Post Retirement Benefit Plan**

**Plan Description**

In addition to the pension benefits described above, the Town provides post employment health care benefits in accordance with Town contracts, through a single-employer postemployment benefit plan. 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. The Town of Smithfield does not issue a separate, audited GAAP-basis report for the Post Retirement Benefit Plan.

**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, 2010, membership consisted of:

Active Town Employees receiving benefits	157
Active School Employees receiving benefits	243
Retired, disabled, beneficiaries and survivors – Town Employees	46
Retired, disabled, beneficiaries and survivors – School Employees	<u>65</u>
Total	511

**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, 2010 was \$683,873 for Town employees and \$674,164 for School employees totaling \$1,358,037.

**Annual OPEB Cost and net OPEB Obligation**

For 2010, the Town's annual OPEB cost of \$2,307,517 was greater than the required contribution. The schedule of contributions and net OPEB obligation for 2010 and the two preceding years were as follows:

**Schedule of Contributions from the Town**

Year Ended June 30	Annual OPEB Cost	Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	N/A	N/A	N/A	N/A
2009	2,285,094	1,455,607	64%	829,487
2010	2,307,517	1,358,037	59%	1,778,967

**TOWN OF SMITHFIELD, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)**

**(e) Post Retirement Benefit Plan**

**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 to be \$2,307,517.

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	550,225	26,277,276	(25,727,051)	2%	31,424,385	-82%
2010	657,366	29,610,752	(28,953,386)	2%	32,276,437	-90%

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 \$28,953,386 as of July 1, 2010 under a 3.5% discount rate. This would lead to a \$1,351,511 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, 2010
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay
Remaining Amortization Period	30 Years, Open basis
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%

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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, 2010 were as follows:

**General Fund:**

Reserved for Town held tax liens .....	\$ 134,372
Reserved for capital expenditures .....	3,125,224
Reserved for reappropriation of unappropriated balances (RUBS).....	3,326,468
Reserved for subsequent year's budgeted expenditures .....	<u>1,550,000</u>
<b>Total</b> .....	<b><u>\$8,136,064</u></b>

**School Department:**

Reserved for subsequent year's budgeted expenditures .....	\$ 710,179
Reserved for loss of State & Federal funding .....	<u>620,742</u>
<b>Total</b> .....	<b><u>\$ 1,330,921</u></b>

**Fiduciary Fund Types:**

Reserved for perpetual care .....	<u>\$ 63,414</u>
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**(b) Designations**

Designations of fund balance at June 30, 2010 were as follows:

**General Fund:**

Designated to supplement future tax assessments.....	\$3,303,256
Designated for capital reserve .....	115,246
Designated for land trust.....	57,623
Designated for subsequent year's expenditures .....	100,000
Designated for capital outlay .....	<u>250,000</u>
<b>Total</b> .....	<b><u>\$3,826,125</u></b>

**School Department:**

Designated for capital outlay .....	\$535,547
Designated for Unanticipated costs .....	500,000
Designated for restricted state aid .....	<u>824</u>
<b>Total</b> .....	<b><u>\$1,036,371</u></b>

**(c) Deficits**

Deficits of fund equity balances at June 30, 2010 were as follows:

**Major Governmental Funds:**

Log Road .....	\$ 2,446,791
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**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**13. FUND EQUITY (Continued)**

**(c) Deficits (Continued)**

**Non-major Governmental Funds:**

Apple Valley Road Connector.....	\$ 2,480
Land Acquisition – Open Space .....	\$ 1,743,363
Farm Land Bond .....	\$ 1,751,046
Library Bond.....	\$1,843
Road Resurfacing 2007 .....	\$ 4,533,448
Salt Barn Property.....	\$ 989,760

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 \$550,000.

**Unemployment**

The Town is self-insured for unemployment benefits. There were no incurred but not reported claims outstanding as of June 30, 2010.

**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, 2010, the Town paid premiums of \$156,200 and \$233,553, for its workers' compensation and property and liability coverage, respectively. At June 30, 2010, 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, 2010, the Town is unable to estimate the potential exposure for outstanding claims, which may fall outside the parameter of the trust policy.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**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, 2010**

**17. 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, 2010.

	<u>Transfers in</u>	<u>Transfers out</u>
<b>Governmental Activities:</b>		
<b>General Fund</b>	3,029,405	34,860,571
<b>Special Revenue Funds:</b>		
School Unrestricted	32,034,090	
Town Restricted	1,230,772	910,303
Retirement Escrow	50,000	-
<b>Capital Projects:</b>	783,057	1,192,646
<b>Business-Type Activities:</b>		
<b>Proprietary Funds</b>		
Sewer Authority	-	1,171,925
Water Supply Board	-	200,000
East Smithfield Public Library	457,885	-
Greenville Public Library	729,849	-
East Smithfield Neighborhood Center	20,387	-
<b>Total Interfund Transfers</b>	<b>38,335,445</b>	<b>38,335,445</b>

**18. 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, 2010.

**19. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 13, 2010, the date the financial statements were available to be issued. As a result of this review, the following subsequent event was noted:

The Town issued a Bond Anticipation Note, maturing January 20, 2011, at an interest rate of 2.18%, to pay off the existing \$2,635,000, 2.96% Bond Anticipation Note maturing July 7, 2010. This BAN will subsequently be funded with a Bond issuance dated January 20, 2011.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF SMITHFIELD, RHODE ISLAND  
JUNE 30, 2010**

***Police Pension Plan***

**Schedule of Funding Progress (Old & New Plan)**

Actuarial Valuation Date July 1,	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)
2005	7,161,996	19,691,681	12,529,685	36%	1,163,680	1077%
2006	8,050,660	19,642,923	11,592,263	41%	1,454,021	797%
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*
2010	2,476,804	21,677,153	19,200,349	11%	N/A*	N/A*

**Schedule of Contributions from the Town (Old & New Plan)**

Year Ended June 30	Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation
2005	1,357,089	1,167,128	116%	-
2006	1,583,170	1,032,192	153%	-
2007	1,193,376	N/A*	N/A*	N/A*
2008	1,048,000	N/A*	N/A*	N/A*
2009	1,048,000	N/A*	N/A*	N/A*
2010	1,048,000	N/A*	N/A*	N/A*

***Fire Pension Plan***

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
2005	11,388,221	13,210,377	1,822,156	86%	1,918,028	95%
2006	12,402,997	14,392,140	1,989,143	86%	2,503,328	79%
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%
2010	10,862,060	14,658,283	3,796,223	74%	2,622,842	145%

**REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF SMITHFIELD, RHODE ISLAND  
JUNE 30, 2010**

*Fire Pension Plan (Continued)*

**Schedule of Contributions from the Town**

Year Ended June 30	Contributions	Annual Required Contribution	Percentage of ARC Contributed	Net Pension Obligation
2005	380,764	627,734	61%	619,555
2006	443,807	707,557	63%	869,116
2007	479,392	912,526	53%	1,280,148
2008	495,848	693,229	72%	1,441,286
2009	561,013	1,044,019	54%	1,878,728
2010	570,270	1,452,418	39%	2,694,331

*Post Retirement Benefit Plan*

**Schedule of Funding Progress**

Actuarial Valuation Date July 1,	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)
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	550,225	26,277,276	25,727,051	2%	31,424,385	82%
2010	657,366	29,610,752	28,953,386	2%	32,276,437	90%

**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, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Carryover of Prior Year Balance</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Variance</u>
<b>General property taxes</b>						
Property taxes (includes state phase-out)	\$ 49,947,885	\$ 49,947,885	\$ -	\$ 49,947,885	\$ 49,599,927	\$ (347,958)
<b>Total general property taxes</b>	<u>49,947,885</u>	<u>49,947,885</u>	<u>-</u>	<u>49,947,885</u>	<u>49,599,927</u>	<u>(347,958)</u>
<b>Intergovernmental revenues</b>						
State aid for education	5,031,655	4,823,927	-	4,823,927	4,635,136	(188,791)
Federal revenue - SFSF	-	104,661	-	104,661	104,661	-
School housing aid	320,000	320,000	-	320,000	293,343	(26,657)
State hotel and meals tax	495,184	495,184	-	495,184	631,853	136,669
Public utilities tax	180,989	180,989	-	180,989	200,452	19,463
<b>Total intergovernmental revenues</b>	<u>6,027,828</u>	<u>5,924,761</u>	<u>-</u>	<u>5,924,761</u>	<u>5,865,445</u>	<u>(59,316)</u>
<b>Licenses, fees and permits</b>	460,000	460,000	-	460,000	731,581	271,581
<b>Interest income:</b>						
Interest - short-term investments	220,000	220,000	-	220,000	94,055	(125,945)
Interest on taxes	240,000	240,000	-	240,000	376,349	136,349
<b>Total interest income</b>	<u>460,000</u>	<u>460,000</u>	<u>-</u>	<u>460,000</u>	<u>470,404</u>	<u>10,404</u>
<b>Departmental revenue:</b>						
Police department	-	-	-	-	392,278	392,278
School department	213,500	213,500	-	213,500	213,500	-
Miscellaneous	42,000	42,000	-	42,000	185,938	143,938
Soil erosion	50,000	50,000	-	50,000	50,000	-
<b>Total departmental revenues</b>	<u>305,500</u>	<u>305,500</u>	<u>-</u>	<u>305,500</u>	<u>841,716</u>	<u>536,216</u>
<b>Total revenues before other financing sources</b>	<u>57,201,213</u>	<u>57,098,146</u>	<u>-</u>	<u>57,098,146</u>	<u>57,509,073</u>	<u>410,927</u>
<b>Other financing sources</b>						
Appropriated fund balance	-	-	2,805,243	2,805,243	2,805,243	-
Transfer from other funds	3,469,373	3,469,373	-	3,469,373	3,029,405	(439,968)
<b>Total other financing sources</b>	<u>3,469,373</u>	<u>3,469,373</u>	<u>2,805,243</u>	<u>6,274,616</u>	<u>5,834,648</u>	<u>(439,968)</u>
<b>Total revenue and other financing sources</b>	<u>\$ 60,670,586</u>	<u>\$ 60,567,519</u>	<u>\$ 2,805,243</u>	<u>\$ 63,372,762</u>	<u>\$ 63,343,721</u>	<u>\$ (29,041)</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, 2010**

	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
<b>General government:</b>									
Town Administration and Solicitor	\$ 929,007	\$ 99,350	\$ -	\$ 1,028,357	\$ 841,114	\$ 114,350	\$ 955,464	\$ 188,840	\$ 72,893
Building Inspectors Office	309,560	-	-	309,560	221,775	-	221,775	-	87,785
Tax Assessor's Office	202,183	-	-	202,183	204,126	-	204,126	-	(1,943)
Treasurer/Tax Collectors Office	481,972	-	-	481,972	512,581	-	512,581	-	(30,609)
Town Clerks Office	288,683	-	-	288,683	244,750	-	244,750	-	43,933
Town Hall expense	585,200	189,280	-	774,480	324,452	263,011	587,463	192,460	187,017
Environmental affairs	265,323	138,252	-	403,575	220,972	175,457	396,429	-	7,146
Municipal Planners Office	163,405	46,639	-	210,044	120,943	49,222	170,165	-	39,879
Board of Canvassers/Elections	13,700	-	-	13,700	1,929	-	1,929	-	11,771
Conservation Commission/Green Acre	17,350	-	-	17,350	15,903	-	15,903	-	1,447
Town Boards and Commissions	28,370	-	-	28,370	27,777	-	27,777	-	593
<b>Total General Government</b>	<b>3,284,753</b>	<b>473,521</b>	<b>-</b>	<b>3,758,274</b>	<b>2,736,322</b>	<b>602,040</b>	<b>3,338,362</b>	<b>381,300</b>	<b>419,912</b>
<b>Public Safety:</b>									
Police Department	4,565,925	-	-	4,565,925	4,951,863	-	4,951,863	31,382	(385,938)
Fire Department	4,661,320	-	-	4,661,320	4,707,561	-	4,707,561	167,063	(46,241)
Animal Control	116,270	-	-	116,270	112,084	-	112,084	-	4,186
Civil Defense	8,670	2,081	-	10,751	8,102	2,931	11,033	-	(282)
<b>Total Public Safety</b>	<b>9,352,185</b>	<b>2,081</b>	<b>-</b>	<b>9,354,266</b>	<b>9,779,610</b>	<b>2,931</b>	<b>9,782,541</b>	<b>198,445</b>	<b>(428,275)</b>
<b>Public Works:</b>									
Payroll and operating expense	1,430,195	22,016	-	1,452,211	1,193,641	43,255	1,236,896	-	215,315
Rubbish and garbage collection	975,000	-	-	975,000	950,426	-	950,426	-	24,574
Street lights	225,000	-	-	225,000	257,882	-	257,882	-	(32,882)
Hydrant service	170,000	81,254	-	251,254	146,615	104,639	251,254	-	-
Highway resurfacing	75,000	154,068	-	229,068	2,113	226,955	229,068	-	-
Highway drainage	25,000	45,983	-	70,983	1,674	69,309	70,983	-	-
Landfill program	335,000	179,723	-	514,723	213,883	300,840	514,723	-	-
Capital Improvements	-	-	-	-	-	-	-	52,514	-
<b>Total Public Works</b>	<b>3,235,195</b>	<b>483,044</b>	<b>-</b>	<b>3,718,239</b>	<b>2,766,234</b>	<b>744,998</b>	<b>3,511,232</b>	<b>52,514</b>	<b>207,007</b>
<b>Public Health and Assistance:</b>									
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	5,334	-	5,334	-	1,341
<b>Total Public Health and Assistance</b>	<b>39,675</b>	<b>-</b>	<b>-</b>	<b>39,675</b>	<b>38,334</b>	<b>-</b>	<b>38,334</b>	<b>-</b>	<b>1,341</b>
<b>Recreation:</b>									
Parks and Recreation Department	485,726	32,998	-	518,724	472,981	32,997	505,978	48,500	12,746
<b>Total Recreation</b>	<b>485,726</b>	<b>32,998</b>	<b>-</b>	<b>518,724</b>	<b>472,981</b>	<b>32,997</b>	<b>505,978</b>	<b>48,500</b>	<b>12,746</b>
<b>Debt Service:</b>									
Redemption of Bonds and Notes	1,770,000	866,432	-	2,636,432	1,570,000	866,432	2,436,432	-	200,000
Financing cost	-	52,859	-	52,859	88,148	52,859	141,007	-	(88,148)
Interest on Bonds and Notes	504,275	840,773	-	1,345,048	504,275	970,043	1,474,318	-	(129,270)
<b>Total Debt Service</b>	<b>2,274,275</b>	<b>1,760,064</b>	<b>-</b>	<b>4,034,339</b>	<b>2,162,423</b>	<b>1,889,334</b>	<b>4,051,757</b>	<b>-</b>	<b>(17,418)</b>

(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, 2010**

	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
<b>Miscellaneous - Town:</b>									
Retirement Fund	2,413,222	-	-	2,413,222	2,414,265	-	2,414,265	-	(1,043)
Capital Reserve Fund - Fire Truck	-	-	-	-	67,196	-	67,196	-	(67,196)
GASB 34 Compliance	25,000	-	-	25,000	-	-	-	-	25,000
Social Security Taxes	975,000	-	-	975,000	886,063	-	886,063	-	88,937
Georgiaville Pond Association	1,000	-	-	1,000	1,000	-	1,000	-	-
Unemployment Compensation	20,000	-	-	20,000	28,056	-	28,056	-	(8,056)
Insurance	519,750	-	-	519,750	469,081	-	469,081	-	50,669
Blue Cross/Delta Dental	3,062,738	-	-	3,062,738	2,687,160	-	2,687,160	-	375,578
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	58,000	-	-	58,000	28,730	-	28,730	-	29,270
Tri -Town E.O.C.	14,000	-	-	14,000	14,000	-	14,000	-	-
Equipment Acquisition Fund	20,000	-	-	20,000	-	-	-	-	20,000
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	-	-
Woonasquatucket Watershed	5,000	-	-	5,000	5,000	-	5,000	-	-
Narragansett 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	33,985	-	37,985	840	37,145	37,985	-	-
Historical Society	10,000	-	-	10,000	10,000	-	10,000	-	-
Senior Activities Center	322,539	14,921	-	337,460	331,974	14,921	346,895	-	(9,435)
North Central Chamber of Commerce	500	-	-	500	700	-	700	-	(200)
Handicapped Access	-	4,629	-	4,629	2,527	2,102	4,629	-	-
Reserve for Unpaid Taxes and Abatements	100,000	-	-	100,000	-	-	-	-	100,000
Land Trust	5,500	-	-	5,500	2,848	-	2,848	-	2,652
<b>Total Miscellaneous - Town</b>	<u>7,605,649</u>	<u>53,535</u>	<u>-</u>	<u>7,659,184</u>	<u>6,998,640</u>	<u>54,168</u>	<u>7,052,808</u>	<u>-</u>	<u>606,376</u>
<b>Transfers to other funds:</b>									
School unrestricted fund -appropriation	27,105,502	-	-	27,105,502	27,294,293	-	27,294,293	-	(188,791)
State aid for education	5,031,655	-	(207,728)	4,823,927	4,635,136	-	4,635,136	-	188,791
Federal revenue - SFSF	-	-	104,661	104,661	104,661	-	104,661	-	-
East Smithfield Neighborhood Center	20,387	-	-	20,387	20,387	-	20,387	-	-
East Smithfield Neighborhood Public Library	457,885	-	-	457,885	457,885	-	457,885	-	-
Greenville Public Library	729,849	-	-	729,849	729,849	-	729,849	-	-
Municipal Escrow	300,000	-	-	300,000	300,000	-	300,000	-	-
Post Employment Escrow	100,000	-	-	100,000	100,000	-	100,000	-	-
Revaluation Escrow	50,000	-	-	50,000	50,000	-	50,000	-	-
Capital Reserve	372,850	-	-	372,850	-	-	-	-	372,850
Merit Escrow	125,000	-	-	125,000	125,000	-	125,000	-	-
Retirement Escrow	50,000	-	-	50,000	50,000	-	50,000	-	-
Economic Corridor Evaluation	50,000	-	-	50,000	50,000	-	50,000	-	-
Transfer to Other Funds	-	-	-	-	943,360	-	943,360	-	(943,360)
<b>Total transfers</b>	<u>34,393,128</u>	<u>-</u>	<u>(103,067)</u>	<u>34,290,061</u>	<u>34,860,571</u>	<u>-</u>	<u>34,860,571</u>	<u>-</u>	<u>(570,510)</u>
<b>Total Expenditures and other financing uses</b>	<u>\$ 60,670,586</u>	<u>\$ 2,805,243</u>	<u>\$ (103,067)</u>	<u>\$ 63,372,762</u>	<u>\$ 59,815,115</u>	<u>\$ 3,326,468</u>	<u>\$ 63,141,583</u>	<u>\$ 680,759</u>	<u>\$ 231,179</u>

(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, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Other	-	-	28,340	28,340
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>28,340</u>	<u>28,340</u>
<b>Expenditures</b>				
Salaries	20,651,756	20,614,085	20,192,690	421,395
Benefits	6,306,744	6,622,604	6,328,765	293,839
Purchased Services	3,164,391	3,303,501	3,144,761	158,740
Supplies & Utilities	1,839,266	1,691,515	1,360,561	330,954
Other	25,000	37,661	30,249	7,412
<b>Capital:</b>				
Capital outlay	450,000	450,000	602,658	(152,658)
<b>Total expenditures</b>	<u>32,437,157</u>	<u>32,719,366</u>	<u>31,659,684</u>	<u>1,059,682</u>
<b>Excess of revenues over (under) expenditures before other financing sources</b>	<u>(32,437,157)</u>	<u>(32,719,366)</u>	<u>(31,631,344)</u>	<u>1,088,022</u>
<b>Other financing sources</b>				
Appropriated use of fund balance	300,000	685,276	685,276	-
Transfer from town - state aid	5,031,655	4,635,137	4,635,136	(1)
Transfer from town - federal revenue	-	104,661	104,661	-
Transfer from town - appropriation	26,655,502	26,844,292	26,844,293	1
Transfer from town - capital	450,000	450,000	450,000	-
<b>Total other financing sources</b>	<u>32,437,157</u>	<u>32,719,366</u>	<u>32,719,366</u>	<u>-</u>
<b>Excess revenues and other sources over (under) expenditures and other sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,088,022</u>	<u>\$ 1,088,022</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**JUNE 30, 2010**

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**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, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 202,138
Fund balance re-appropriated (RUBS) .....	3,326,468
Fund balance appropriations .....	<u>(2,805,243)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 723,363</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, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$1,088,022
Use of accumulated fund balance .....	<u>(685,276)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 402,746</u>

## **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, 2010**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
General property tax	\$ 49,947,885	\$ 49,947,885	\$ 49,599,927	\$ (347,958)
Intergovernmental	6,027,828	5,924,761	5,865,445	(59,316)
License, fees and permits	460,000	460,000	731,581	271,581
Interest income	460,000	460,000	470,404	10,404
Departmental	305,500	305,500	841,716	536,216
<b>Total Revenues</b>	<u>57,201,213</u>	<u>57,098,146</u>	<u>57,509,073</u>	<u>410,927</u>
<b>Expenditures</b>				
General government	3,284,753	3,758,274	3,338,362	419,912
Public safety	9,352,185	9,354,266	9,782,541	(428,275)
Public works	3,235,195	3,718,239	3,511,232	207,007
Public health and assistance	39,675	39,675	38,334	1,341
Recreation	485,726	518,724	505,978	12,746
Other	7,605,649	7,659,184	7,052,808	606,376
Debt service:				
Principal	1,770,000	2,636,432	2,436,432	200,000
Interest	504,275	1,345,048	1,474,318	(129,270)
Other	-	52,859	141,007	(88,148)
<b>Total expenditures</b>	<u>26,277,458</u>	<u>29,082,701</u>	<u>28,281,012</u>	<u>801,689</u>
<b>Excess of revenues over expenditures before operating transfers</b>	<u>30,923,755</u>	<u>28,015,445</u>	<u>29,228,061</u>	<u>1,212,616</u>
<b>Other financing sources and (uses)</b>				
Appropriated fund balance	-	2,805,243	2,805,243	-
Transfer from other funds	3,469,373	3,469,373	3,029,405	(439,968)
Transfer to other funds	(34,393,128)	(34,290,061)	(34,860,571)	(570,510)
<b>Total operating transfers</b>	<u>(30,923,755)</u>	<u>(28,015,445)</u>	<u>(29,025,923)</u>	<u>(1,010,478)</u>
<b>Excess of revenues over expenditures and operating transfers</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,138</u>	<u>\$ 202,138</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2010**

	<b>Special Revenue Restricted Town</b>	<b>Special Revenue Restricted School</b>	<b>Special Revenue Restricted Accrued Retirement</b>	<b>Capital Projects Fund</b>	<b>Permanent Fund Cemetery Fund</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,577,686	\$ -	\$ 914,685	\$ 3,146,984	\$ 63,414	\$ 6,702,769
Investments	570,447	-	-	-	-	570,447
Loans receivable	2,865	-	197	-	-	3,062
Internal balances	3,751,432	61,522	50,000	140,049	-	4,003,003
Intergovernmental receivables	94,341	569,404	-	19,238	-	682,983
<b>Total assets</b>	<b><u>\$ 6,996,771</u></b>	<b><u>\$ 630,926</u></b>	<b><u>\$ 964,882</u></b>	<b><u>\$ 3,306,271</u></b>	<b><u>\$ 63,414</u></b>	<b><u>\$ 11,962,264</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 11,198	\$ 6,108	\$ -	\$ 1,650	\$ -	\$ 18,956
Internal balances	790,616	563,296	-	9,305,304	-	10,659,216
Deferred revenue	17,181	61,522	-	37,963	-	116,666
Other liabilities	67,120	-	-	-	-	67,120
<b>Total liabilities</b>	<b><u>886,115</u></b>	<b><u>630,926</u></b>	<b><u>-</u></b>	<b><u>9,344,917</u></b>	<b><u>-</u></b>	<b><u>10,861,958</u></b>
<b>Fund balances (deficits)</b>						
Reserved for:						
Perpetual care	-	-	-	-	63,414	63,414
Unreserved	6,110,656	-	964,882	(6,038,646)	-	1,036,892
<b>Total Fund balances (deficits)</b>	<b><u>6,110,656</u></b>	<b><u>-</u></b>	<b><u>964,882</u></b>	<b><u>(6,038,646)</u></b>	<b><u>63,414</u></b>	<b><u>1,100,306</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 6,996,771</u></b>	<b><u>\$ 630,926</u></b>	<b><u>\$ 964,882</u></b>	<b><u>\$ 3,306,271</u></b>	<b><u>\$ 63,414</u></b>	<b><u>\$ 11,962,264</u></b>

**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, 2010**

	Special Revenue Restricted Town	Special Revenue Restricted School	Special Revenue Restricted Accrued Retirement	Capital Projects Fund	Permanent Fund Cemetery Fund	Totals
<b>Revenues</b>						
Interest on investments	\$ 13,669	\$ -	\$ 5,410	\$ 13,782	\$ 155	\$ 33,016
Intergovernmental revenue	328,820	1,477,021	-	116,247	-	1,922,088
Other	1,559,221	100,388	-	575,178	-	2,234,787
<b>Total Revenues</b>	<u>1,901,710</u>	<u>1,577,409</u>	<u>5,410</u>	<u>705,207</u>	<u>155</u>	<u>4,189,891</u>
<b>Expenditures</b>						
General government	151,470	-	-	-	-	151,470
Public safety	175,091	-	-	-	-	175,091
Public works	-	-	-	14,915	-	14,915
Education	-	1,577,409	-	-	-	1,577,409
Community development	79,929	-	-	-	-	79,929
<b>Capital:</b>						
Capital outlay	305,123	-	-	3,996,349	-	4,301,472
<b>Total expenditures</b>	<u>711,613</u>	<u>1,577,409</u>	<u>-</u>	<u>4,011,264</u>	<u>-</u>	<u>6,300,286</u>
<b>Excess of revenues over (under) expenditures</b>	1,190,097	-	5,410	(3,306,057)	155	(2,110,395)
<b>Other Financing Sources (uses)</b>						
Transfers in	1,230,772	-	50,000	783,057	-	2,063,829
Transfers out	(910,303)	-	-	(1,192,646)	-	(2,102,949)
<b>Total other financing sources</b>	<u>320,469</u>	<u>-</u>	<u>50,000</u>	<u>(409,589)</u>	<u>-</u>	<u>(39,120)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	1,510,566	-	55,410	(3,715,646)	155	(2,149,515)
<b>FUND BALANCE - beginning</b>	<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>
<b>FUND BALANCE - ending</b>	<u>\$ 6,110,656</u>	<u>\$ -</u>	<u>\$ 964,882</u>	<u>\$ (6,038,646)</u>	<u>\$ 63,414</u>	<u>\$ 1,100,306</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Special Revenue Restricted Funds - Town**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>Animal Control Fund</u>	<u>Animal Control Spay &amp; Neuter</u>	<u>Bulletproof Vest Grant</u>	<u>Bryne Grant</u>	<u>Capital Reserve Fund</u>	<u>CDBG</u>	<u>Active Shooter Training</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 20,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Internal balances	-	1,096	-	6,010	1,002,290	-	-
Intergovernmental receivables	-	-	-	-	-	17,090	-
<b>Total assets</b>	<u>\$ 20,084</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ 6,010</u>	<u>\$ 1,002,290</u>	<u>\$ 17,090</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 490	\$ -	\$ -	\$ -	\$ -	\$ 299	\$ -
Internal balances	467	-	-	-	-	11,992	-
Deferred revenues	1,500	-	-	6,010	-	4,799	-
Other liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>2,457</u>	<u>-</u>	<u>-</u>	<u>6,010</u>	<u>-</u>	<u>17,090</u>	<u>-</u>
<b>Fund balances (deficits)</b>	<u>17,627</u>	<u>1,096</u>	<u>-</u>	<u>-</u>	<u>1,002,290</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 20,084</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ 6,010</u>	<u>\$ 1,002,290</u>	<u>\$ 17,090</u>	<u>\$ -</u>



**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Special Revenue Restricted Funds - Town**  
**Combining Balance Sheet**  
**June 30, 2010**

	<b>Document Preservation &amp; Tech Upgrades</b>	<b>EMA EOP</b>	<b>EMA- Radio</b>	<b>Fire Prevention</b>	<b>Historical Records</b>	<b>Inspection Fees</b>	<b>Kennedy Grant</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 98,287	\$ -	\$ 9,899	\$ 33,487	\$ 24,595	\$ 236,901	\$ -
Investments	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Internal balances	10,149	-	-	-	1,899	-	-
Intergovernmental receivables	-	-	-	-	-	-	49,409
<b>Total assets</b>	<b>\$ 108,436</b>	<b>\$ -</b>	<b>\$ 9,899</b>	<b>\$ 33,487</b>	<b>\$ 26,494</b>	<b>\$ 236,901</b>	<b>\$ 49,409</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	2,500	-	-	173,910	49,409
Deferred revenues	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	53,825	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>227,735</b>	<b>49,409</b>
<b>Fund balances (deficits)</b>	<b>108,436</b>	<b>-</b>	<b>7,399</b>	<b>33,487</b>	<b>26,494</b>	<b>9,166</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 108,436</b>	<b>\$ -</b>	<b>\$ 9,899</b>	<b>\$ 33,487</b>	<b>\$ 26,494</b>	<b>\$ 236,901</b>	<b>\$ 49,409</b>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Special Revenue Restricted Funds - Town**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>Land Trust</u>	<u>Municipal Contingency Escrow</u>	<u>Operation Blue Riptide</u>	<u>Police Confiscated Funds</u>	<u>Wal-Mart Grant</u>	<u>Post Employment Escrow</u>	<u>Recreational Capital</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 203,617	\$ 61,669		\$ 15,375	\$ -	\$ 7,366	\$ -
Investments	570,447	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Internal balances	882,223	975,000	-	-	1,003	650,000	-
Intergovernmental receivables	-	-	8,077	-	-	-	-
<b>Total assets</b>	<u>\$ 1,656,287</u>	<u>\$ 1,036,669</u>	<u>\$ 8,077</u>	<u>\$ 15,375</u>	<u>\$ 1,003</u>	<u>\$ 657,366</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	8,077	2,080	-	-	-
Deferred revenues	-	-	-	-	-	-	-
Other liabilities	-	-	-	13,295	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>8,077</u>	<u>15,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits)</b>	<u>1,656,287</u>	<u>1,036,669</u>	<u>-</u>	<u>-</u>	<u>1,003</u>	<u>657,366</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,656,287</u>	<u>\$ 1,036,669</u>	<u>\$ 8,077</u>	<u>\$ 15,375</u>	<u>\$ 1,003</u>	<u>\$ 657,366</u>	<u>\$ -</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Special Revenue Restricted Funds - Town**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>Revaluation Escrow</u>	<u>Review Fees</u>	<u>Revolving Loan Fund</u>	<u>RI DOH Alcohol Grant</u>	<u>RI DOH Tobacco Grant</u>	<u>RI DOT Passenger Safety</u>	<u>RI DOT Click it or Ticket</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 452,849	\$ 114,418	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Loans receivable	-	-	2,865	-	-	-	-
Internal balances	14,296	-	23,330	-	-	-	-
Intergovernmental receivables	-	-	-	3,443	1,189	5,634	795
<b>Total assets</b>	<u>\$ 467,145</u>	<u>\$ 114,418</u>	<u>\$ 26,195</u>	<u>\$ 3,443</u>	<u>\$ 1,189</u>	<u>\$ 5,634</u>	<u>\$ 795</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 84	\$ 46	\$ -	\$ -
Internal balances	-	46,951	-	3,359	756	5,634	795
Deferred revenues	-	-	-	-	387	-	-
Other liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>46,951</u>	<u>-</u>	<u>3,443</u>	<u>1,189</u>	<u>5,634</u>	<u>795</u>
<b>Fund balances (deficits)</b>	<u>467,145</u>	<u>67,467</u>	<u>26,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 467,145</u>	<u>\$ 114,418</u>	<u>\$ 26,195</u>	<u>\$ 3,443</u>	<u>\$ 1,189</u>	<u>\$ 5,634</u>	<u>\$ 795</u>

SUPPLEMENTARY INFORMATION  
TOWN OF SMITHFIELD, RHODE ISLAND  
Special Revenue Restricted Funds - Town  
Combining Balance Sheet  
June 30, 2010

	Scholarship Fund	Senior Center Grant	Smithfield Fire Rescue	Special Projects Fund	Tri-Town Alcohol Grant	Senior Center Memorial Donations	Police Memorial Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,481	\$ -	\$ 1,105,888	\$ 180,767	\$ -	\$ -	\$ 1,297
Investments	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Internal balances	-	36,293	-	-	351	2,312	-
Intergovernmental receivables	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 4,481</u>	<u>\$ 36,293</u>	<u>\$ 1,105,888</u>	<u>\$ 180,767</u>	<u>\$ 351</u>	<u>\$ 2,312</u>	<u>\$ 1,297</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 52	\$ 3,769	\$ 6,415	\$ -	\$ -	\$ -
Internal balances	-	-	397,444	77,661	-	-	895
Deferred revenues	-	4,134	-	-	351	-	-
Other liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>4,186</u>	<u>401,213</u>	<u>84,076</u>	<u>351</u>	<u>-</u>	<u>895</u>
<b>Fund balances (deficits)</b>	<u>4,481</u>	<u>32,107</u>	<u>704,675</u>	<u>96,691</u>	<u>-</u>	<u>2,312</u>	<u>402</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,481</u>	<u>\$ 36,293</u>	<u>\$ 1,105,888</u>	<u>\$ 180,767</u>	<u>\$ 351</u>	<u>\$ 2,312</u>	<u>\$ 1,297</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Special Revenue Restricted Funds - Town**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>JAG Stimulus Grant-Fed</u>	<u>JAG Stimulus Grant-State</u>	<u>GPA Welfare</u>	<u>Senior Center Expansion Donations</u>	<u>Tri Town II Police Grant</u>	<u>Senior Center</u>	<u>Town Special Revenue Totals</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 6,706	\$ -	\$ -	\$ 2,577,686
Investments	-	-	-	-	-	-	570,447
Loans receivable	-	-	-	-	-	-	2,865
Internal balances	-	-	38,729	-	-	106,451	3,751,432
Intergovernmental receivables	-	6,654	-	-	2,050	-	94,341
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 6,654</u>	<u>\$ 38,729</u>	<u>\$ 6,706</u>	<u>\$ 2,050</u>	<u>\$ 106,451</u>	<u>\$ 6,996,771</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ 11,198
Internal balances	-	6,611	-	25	2,050	-	790,616
Deferred revenues	-	-	-	-	-	-	17,181
Other liabilities	-	-	-	-	-	-	67,120
<b>Total liabilities</b>	<u>-</u>	<u>6,654</u>	<u>-</u>	<u>25</u>	<u>2,050</u>	<u>-</u>	<u>886,115</u>
<b>Fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>38,729</u>	<u>6,681</u>	<u>-</u>	<u>106,451</u>	<u>6,110,656</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 6,654</u>	<u>\$ 38,729</u>	<u>\$ 6,706</u>	<u>\$ 2,050</u>	<u>\$ 106,451</u>	<u>\$ 6,996,771</u>

**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, 2010**

	Animal Control Fund	Animal Control Spay & Neuter	Bulletproof Vest Grant	Bryne Grant	Capital Reserve Fund	CDBG	Active Shooter Training
<b>REVENUES</b>							
Interest on Investments	\$ -	\$ 2	\$ -		\$ 854	\$ -	
Intergovernmental revenue	-	-	2,700	-	-	79,929	7,175
Other	2,289	1,236	-		-	-	
<b>Total Revenues</b>	<u>2,289</u>	<u>1,238</u>	<u>2,700</u>	<u>-</u>	<u>854</u>	<u>79,929</u>	<u>7,175</u>
<b>EXPENDITURES:</b>							
General government	-	-	-	-	-	-	-
Public safety	2,955	90	2,700		-	-	7,175
Community development	-	-	-	-	-	79,929	-
<b>Capital:</b>							
Capital outlay	-	-	-		-	-	-
<b>Total Expenditures</b>	<u>2,955</u>	<u>90</u>	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>79,929</u>	<u>7,175</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	(666)	1,148	-	-	854	-	-
<b>Other Financing Sources (uses)</b>							
Transfers in	4,276	-	-	-	106,868	-	-
Transfers out	-	(4,276)	-		(300,142)	-	-
<b>Total other financing sources</b>	<u>4,276</u>	<u>(4,276)</u>	<u>-</u>	<u>-</u>	<u>(193,274)</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	3,610	(3,128)	-	-	(192,420)	-	-
<b>FUND BALANCE - beginning</b>	<u>14,017</u>	<u>4,224</u>	<u>-</u>	<u>-</u>	<u>1,194,710</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ending</b>	<u>\$ 17,627</u>	<u>\$ 1,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,290</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2010**

	Document Preservation & Tech Upgrades	EMA EOP	EMA Radio	Fire Prevention	Historical Records	Inspection Fees	Kennedy Grant
<b>REVENUES</b>							
Interest on Investments	\$ 111	\$ -	\$ 7	\$ 424	\$ -	\$ 269	\$ -
Intergovernmental revenue	-	5,000	-	-	-	-	68,692
Other	19,841	-	-	10,667	3,403	6,000	-
<b>Total Revenues</b>	<u>19,952</u>	<u>5,000</u>	<u>7</u>	<u>11,091</u>	<u>3,403</u>	<u>6,269</u>	<u>68,692</u>
<b>EXPENDITURES:</b>							
General government	1,420	-	-	-	-	25,840	-
Public safety	-	-	2,500	5,036	-	-	-
Community development	-	-	-	-	-	-	-
<b>Capital:</b>							
Capital outlay	-	-	-	-	-	-	68,692
<b>Total Expenditures</b>	<u>1,420</u>	<u>-</u>	<u>2,500</u>	<u>5,036</u>	<u>-</u>	<u>25,840</u>	<u>68,692</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	18,532	5,000	(2,493)	6,055	3,403	(19,571)	-
<b>Other Financing Sources (uses)</b>							
Transfers in	-	-	5,000	-	-	-	-
Transfers out	-	(5,000)	-	-	-	(150,000)	-
<b>Total other financing sources</b>	<u>-</u>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	18,532	-	2,507	6,055	3,403	(169,571)	-
<b>FUND BALANCE - beginning</b>	<u>89,904</u>	<u>-</u>	<u>4,892</u>	<u>27,432</u>	<u>23,091</u>	<u>178,737</u>	<u>-</u>
<b>FUND BALANCE - ending</b>	<u>\$ 108,436</u>	<u>\$ -</u>	<u>\$ 7,399</u>	<u>\$ 33,487</u>	<u>\$ 26,494</u>	<u>\$ 9,166</u>	<u>\$ -</u>

**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, 2010**

	Land Trust	Municipal Contingency Escrow	Operation Blue Riptide	Police Confiscated Funds	Wal-Mart Grant	Post Employment Escrow	Recreational Capital
<b>REVENUES</b>							
Interest on Investments	\$ 208	\$ 515	\$ -	\$ -	\$ -	\$ 1,456	\$ 34
Intergovernmental revenue	-	-	14,455	-	-	-	-
Other	707,732	-	-	-	1,500	-	-
<b>Total Revenues</b>	<u>707,940</u>	<u>515</u>	<u>14,455</u>	<u>-</u>	<u>1,500</u>	<u>1,456</u>	<u>34</u>
<b>EXPENDITURES:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	14,455	-	497	-	-
Community development	-	-	-	-	-	-	-
<b>Capital:</b>							
Capital outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>14,455</u>	<u>-</u>	<u>497</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	707,940	515	-	-	1,003	1,456	34
<b>Other Financing Sources (uses)</b>							
Transfers in	489,628	475,000	-	-	-	100,000	-
Transfers out	-	-	-	-	-	-	(884)
<b>Total other financing sources</b>	<u>489,628</u>	<u>475,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>(884)</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	1,197,568	475,515	-	-	1,003	101,456	(850)
<b>FUND BALANCE - beginning</b>	<u>458,719</u>	<u>561,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,910</u>	<u>850</u>
<b>FUND BALANCE - ending</b>	<u>\$ 1,656,287</u>	<u>\$ 1,036,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 657,366</u>	<u>\$ -</u>



**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, 2010**

	Revaluation Escrow	Review Fees	Revolving Loan Fund	RI DOH Alcohol Grant	RI DOH Tobacco Grant	RI DOT Passenger Safety	RI DOT Click it or Ticket
<b>REVENUES</b>							
Interest on Investments	\$ 1,300	\$ 287	\$ 34	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	73,320	-	-	4,181	2,385	10,339	795
Other	-	4,493	-	-	-	-	-
<b>Total Revenues</b>	<u>74,620</u>	<u>4,780</u>	<u>34</u>	<u>4,181</u>	<u>2,385</u>	<u>10,339</u>	<u>795</u>
<b>EXPENDITURES:</b>							
General government	117,893	-	-	-	-	-	-
Public safety	-	-	-	4,181	2,385	10,339	795
Community development	-	-	-	-	-	-	-
<b>Capital:</b>							
Capital outlay	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>117,893</u>	<u>-</u>	<u>-</u>	<u>4,181</u>	<u>2,385</u>	<u>10,339</u>	<u>795</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	(43,273)	4,780	34	-	-	-	-
<b>Other Financing Sources (uses)</b>							
Transfers in	50,000	-	-	-	-	-	-
Transfers out	-	(50,000)	-	-	-	-	-
<b>Total other financing sources</b>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	6,727	(45,220)	34	-	-	-	-
<b>FUND BALANCE - beginning</b>	<u>460,418</u>	<u>112,687</u>	<u>26,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - ending</b>	<u>\$ 467,145</u>	<u>\$ 67,467</u>	<u>\$ 26,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2010

	Scholarship Fund	Senior Center Grant	Smithfield Fire Rescue	Special Projects Fund	Tri-Town Alcohol Grant	Senior Center Memorial Donations	Police Memorial Fund
<b>REVENUES</b>							
Interest on Investments	\$ 2	\$ -	\$ 6,774	\$ 1,371	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Other	-	21,837	696,601	63,440	10,479	1,670	804
<b>Total Revenues</b>	<u>2</u>	<u>21,837</u>	<u>703,375</u>	<u>64,811</u>	<u>10,479</u>	<u>1,670</u>	<u>804</u>
<b>EXPENDITURES:</b>							
General government	-	-	-	-	-	61	-
Public safety	-	8,789	42,964	2,000	10,479	-	402
Community development	-	-	-	-	-	-	-
<b>Capital:</b>							
Capital outlay	-	-	152,355	84,076	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>8,789</u>	<u>195,319</u>	<u>86,076</u>	<u>10,479</u>	<u>61</u>	<u>402</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	2	13,048	508,056	(21,265)	-	1,609	402
<b>Other Financing Sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(1)	(400,000)	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>(1)</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	2	13,047	108,056	(21,265)	-	1,609	402
<b>FUND BALANCE - beginning</b>	<u>4,479</u>	<u>19,060</u>	<u>596,619</u>	<u>117,956</u>	<u>-</u>	<u>703</u>	<u>-</u>
<b>FUND BALANCE - ending</b>	<u>\$ 4,481</u>	<u>\$ 32,107</u>	<u>\$ 704,675</u>	<u>\$ 96,691</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 402</u>

**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, 2010**

	JAG Stimulus Grant-Fed	JAG Stimulus Grant-State	GPA Welfare	Senior Center Expansion Donations	Tri Town II Police Grant	Senior Center	Town Special Revenue Total
<b>REVENUES</b>							
Interest on Investments	\$ -	\$ -	\$ -	\$ 21	\$ -	\$ -	\$ 13,669
Intergovernmental revenue	17,467	35,931	2,500	-	3,951	-	328,820
Other	-	-	7,229	-	-	-	1,559,221
<b>Total Revenues</b>	<u>17,467</u>	<u>35,931</u>	<u>9,729</u>	<u>21</u>	<u>3,951</u>	<u>-</u>	<u>1,901,710</u>
<b>EXPENDITURES:</b>							
General government	-	-	3,655	2,601	-	-	151,470
Public safety	17,467	35,931	-	-	3,951	-	175,091
Community development	-	-	-	-	-	-	79,929
<b>Capital:</b>							
Capital outlay	-	-	-	-	-	-	305,123
<b>Total Expenditures</b>	<u>17,467</u>	<u>35,931</u>	<u>3,655</u>	<u>2,601</u>	<u>3,951</u>	<u>-</u>	<u>711,613</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	-	-	6,074	(2,580)	-	-	1,190,097
<b>Other Financing Sources (uses)</b>							
Transfers in	-	-	-	-	-	-	1,230,772
Transfers out	-	-	-	-	-	-	(910,303)
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,469</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	-	-	6,074	(2,580)	-	-	1,510,566
<b>FUND BALANCE - beginning</b>	-	-	32,655	9,261	-	106,451	4,600,090
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,729</u>	<u>\$ 6,681</u>	<u>\$ -</u>	<u>\$ 106,451</u>	<u>\$ 6,110,656</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Capital Projects Funds**  
**Combining Balance Sheet - Non-Major Governmental Fund**  
**June 30, 2010**

	<u>Apple Valley Road Connector</u>	<u>Building Maintenance</u>	<u>Deerfield Park</u>	<u>Deerfield Park Addition</u>	<u>Deerfield Park Wetlands Creation</u>	<u>Mann School Rd. Drainage</u>	<u>Fire Department Headquarters</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,234,417
Internal balances	-	-	24,000	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	10,385	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,385</u>	<u>\$ 2,234,417</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	1,650	\$ -
Deferred revenue	-	-	-	-	-	-	-
Internal balances	2,480	-	-	-	-	8,735	-
<b>Total liabilities</b>	<u>2,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,385</u>	<u>-</u>
Fund balances -							
Unreserved	(2,480)	-	24,000	-	-	-	2,234,417
<b>Total fund balances (deficit)</b>	<u>(2,480)</u>	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,234,417</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,385</u>	<u>\$ 2,234,417</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF SMITHFIELD, RHODE ISLAND  
Capital Projects Funds  
Combining Balance Sheet - Non-Major Governmental Fund  
June 30, 2010

	Green Acres Acquisition Fund	High School Addition	Highway Drainage	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Library Bond
<b>ASSETS</b>							
Cash and cash equivalents	\$ 95,886	\$ -	\$ 72,105	\$ 880	\$ 375,905	\$ -	\$ -
Internal balances	-	23,720	-	-	49,242	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 95,886</u>	<u>\$ 23,720</u>	<u>\$ 72,105</u>	<u>\$ 880</u>	<u>\$ 425,147</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Internal balances	-	-	30,000	-	-	1,743,363	1,843
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>1,743,363</u>	<u>1,843</u>
Fund balances -							
Unreserved	95,886	23,720	42,105	880	425,147	(1,743,363)	(1,843)
<b>Total fund balances (deficit)</b>	<u>95,886</u>	<u>23,720</u>	<u>42,105</u>	<u>880</u>	<u>425,147</u>	<u>(1,743,363)</u>	<u>(1,843)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 95,886</u>	<u>\$ 23,720</u>	<u>\$ 72,105</u>	<u>\$ 880</u>	<u>\$ 425,147</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Capital Projects Funds**  
**Combining Balance Sheet - Non-Major Governmental Fund**  
**June 30, 2010**

	<u>Middle School Additions</u>	<u>Open Space &amp; Rec. Area</u>	<u>Police Equipment</u>	<u>Road Resurfacing 2007</u>	<u>Senior Center CP</u>	<u>Senior Center Addition</u>	<u>Woods Plat Special Drainage</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 4,522	\$ 183,336	\$ -	\$ 63,409	\$ -	\$ 87,047
Internal balances	5,124	-	-	-	-	-	-
Intergovernmental receivables	-	-	8,853	-	-	-	-
<b>Total assets</b>	<u>\$ 5,124</u>	<u>\$ 4,522</u>	<u>\$ 192,189</u>	<u>\$ -</u>	<u>\$ 63,409</u>	<u>\$ -</u>	<u>\$ 87,047</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Internal balances	-	-	94,322	4,533,448	63,346	-	86,961
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>94,322</u>	<u>4,533,448</u>	<u>63,346</u>	<u>-</u>	<u>86,961</u>
Fund balances -							
Unreserved	5,124	4,522	97,867	(4,533,448)	63	-	86
<b>Total fund balances (deficit)</b>	<u>5,124</u>	<u>4,522</u>	<u>97,867</u>	<u>(4,533,448)</u>	<u>63</u>	<u>-</u>	<u>86</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,124</u>	<u>\$ 4,522</u>	<u>\$ 192,189</u>	<u>\$ -</u>	<u>\$ 63,409</u>	<u>\$ -</u>	<u>\$ 87,047</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Capital Projects Funds**  
**Combining Balance Sheet - Non-Major Governmental Fund**  
**June 30, 2010**

	<u>Esmond St Enhancement</u>	<u>Water Dist Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Farm Land Bond</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 18,705	\$ 10,772	\$ -	\$ -	\$ 3,146,984
Internal balances	37,963	-	-	-	-	140,049
Intergovernmental receivables	-	-	-	-	-	19,238
<b>Total assets</b>	<u>\$ 37,963</u>	<u>18,705</u>	<u>10,772</u>	<u>-</u>	<u>-</u>	<u>\$ 3,306,271</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,650
Deferred revenue	37,963	-	-	-	-	37,963
Internal balances	-	-	-	989,760	1,751,046	9,305,304
<b>Total liabilities</b>	<u>37,963</u>	<u>-</u>	<u>-</u>	<u>989,760</u>	<u>1,751,046</u>	<u>9,344,917</u>
Fund balances -						
Unreserved	-	18,705	10,772	(989,760)	(1,751,046)	(6,038,646)
<b>Total fund balances (deficit)</b>	<u>-</u>	<u>18,705</u>	<u>10,772</u>	<u>(989,760)</u>	<u>(1,751,046)</u>	<u>(6,038,646)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 37,963</u>	<u>18,705</u>	<u>10,772</u>	<u>-</u>	<u>-</u>	<u>\$ 3,306,271</u>

(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, 2010**

	<u>Apple Valley Road Connector</u>	<u>Building Maintenance</u>	<u>Deerfield Park</u>	<u>Deerfield Park Addition</u>	<u>Deerfield Park Wetlands Creation</u>	<u>Mann School Rd. Drainage</u>	<u>Fire Department Headquarters</u>
<b>Revenues</b>							
Interest on Investments	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ 13,019
Intergovernmental revenue	-	-	-	-	-	10,385	-
Other	-	-	-	-	494	-	-
<b>Total revenues</b>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>494</u>	<u>10,385</u>	<u>13,019</u>
<b>Expenditures</b>							
Public works	-	-	-	-	-	-	13
Capital expenditures	-	-	-	-	-	10,385	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,385</u>	<u>13</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	-	8	-	-	494	-	13,006
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	237,426	-	-	-
Transfers out	-	(12,103)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(12,103)</u>	<u>-</u>	<u>237,426</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	-	(12,095)	-	237,426	494	-	13,006
<b>FUND BALANCE - beginning</b>	(2,480)	12,095	24,000	(237,426)	(494)	-	2,221,411
<b>FUND BALANCE - ending</b>	<u>\$ (2,480)</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,234,417</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, 2010**

	<u>Green Acres Acquisition Fund</u>	<u>High School Addition</u>	<u>Highway Drainage</u>	<u>Smithfield Historic Landmark</u>	<u>Impact Fees</u>	<u>Land Acq. Open Space Bond</u>	<u>Library Bond</u>
<b>Revenues</b>							
Interest on Investments	\$ 48	\$ -	\$ 71	\$ 1	\$ 324	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Other	-	-	-	-	157,231	400,000	-
<b>Total revenues</b>	<u>48</u>	<u>-</u>	<u>71</u>	<u>1</u>	<u>157,555</u>	<u>400,000</u>	<u>-</u>
<b>Expenditures</b>							
Public works	-	-	10	-	14,000	-	-
Capital expenditures	-	-	-	-	-	416,000	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>14,000</u>	<u>416,000</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	48	-	61	1	143,555	(16,000)	-
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(30,000)	-	(19,000)	(987,182)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(19,000)</u>	<u>(987,182)</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	48	-	(29,939)	1	124,555	(1,003,182)	-
<b>FUND BALANCE - beginning</b>	95,838	23,720	72,044	879	300,592	(740,181)	(1,843)
<b>FUND BALANCE - ending</b>	<u>\$ 95,886</u>	<u>\$ 23,720</u>	<u>\$ 42,105</u>	<u>\$ 880</u>	<u>\$ 425,147</u>	<u>\$ (1,743,363)</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, 2010**

	<u>Middle School Additions</u>	<u>Open Space &amp; Rec. Area</u>	<u>Police Equipment</u>	<u>Road Resurfacing 2007</u>	<u>Senior Center CP</u>	<u>Senior Center Addition</u>	<u>Woods Plat Special Drainage</u>
<b>Revenues</b>							
Interest on Investments	\$ -	\$ 12	\$ 120	\$ -	\$ 63	\$ -	\$ 86
Intergovernmental revenue	-	-	105,862	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>12</u>	<u>105,982</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>86</u>
<b>Expenditures</b>							
Public works	-	-	892	-	-	-	-
Capital expenditures	-	-	-	815,905	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>892</u>	<u>815,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	-	12	105,090	(815,905)	63	-	86
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	545,631	-
Transfers out	-	-	(144,361)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(144,361)</u>	<u>-</u>	<u>-</u>	<u>545,631</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	<u>-</u>	<u>12</u>	<u>(39,271)</u>	<u>(815,905)</u>	<u>63</u>	<u>545,631</u>	<u>86</u>
<b>FUND BALANCE - beginning</b>	5,124	4,510	137,138	(3,717,543)	-	(545,631)	-
<b>FUND BALANCE - ending</b>	<u>\$ 5,124</u>	<u>\$ 4,522</u>	<u>\$ 97,867</u>	<u>\$ (4,533,448)</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 86</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, 2010**

	<u>Esmond St Enhancement</u>	<u>Water Dist Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Farm Land Bond</u>	<u>Totals</u>
<b>Revenues</b>						
Interest on Investments	\$ -	\$ 19	\$ 11	\$ -	\$ -	\$ 13,782
Intergovernmental revenue	-	-	-	-	-	116,247
Other	17,453	-	-	-	-	575,178
<b>Total revenues</b>	<u>17,453</u>	<u>19</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>705,207</u>
<b>Expenditures</b>						
Public works	-	-	-	-	-	14,915
Capital expenditures	17,453	-	-	985,560	1,751,046	3,996,349
<b>Total expenditures</b>	<u>17,453</u>	<u>-</u>	<u>-</u>	<u>985,560</u>	<u>1,751,046</u>	<u>4,011,264</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	-	19	11	(985,560)	(1,751,046)	(3,306,057)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	783,057
Transfers out	-	-	-	-	-	(1,192,646)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,589)</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	-	19	11	(985,560)	(1,751,046)	(3,715,646)
<b>FUND BALANCE - beginning</b>	-	18,686	10,761	(4,200)	-	(2,323,000)
<b>FUND BALANCE - ending</b>	<u>\$ -</u>	<u>\$ 18,705</u>	<u>\$ 10,772</u>	<u>\$ (989,760)</u>	<u>\$ (1,751,046)</u>	<u>\$ (6,038,646)</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NON-MAJOR PROPRIETARY FUNDS**  
**Combining Balance Sheet**  
**June 30, 2010**

	<u>School Lunch</u>	<u>Smithfield Ice Rink</u>	<u>E. Smithfield Public Library</u>	<u>Greenville Public Library</u>	<u>E. Smithfield Neighborhood Center</u>	<u>Totals</u>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 118,442	\$ 921,197	\$ 61,947	\$ 343,024	\$ 3,243	\$ 1,447,853
Investments	-	-	-	225,132	-	225,132
Receivables, net	1,136	28,389	-	-	-	29,525
Internal balances	8,415	-	-	-	-	8,415
Due from other governments	10,447	-	-	-	-	10,447
<b>Total Current Assets</b>	<u>138,440</u>	<u>949,586</u>	<u>61,947</u>	<u>568,156</u>	<u>3,243</u>	<u>1,721,372</u>
<b>Noncurrent Assets</b>						
Asset restricted to investment in building	-	-	-	6,000	-	6,000
Net capital assets	32,800	879,179	408,612	1,654,778	-	2,975,369
<b>Total Noncurrent Assets</b>	<u>32,800</u>	<u>879,179</u>	<u>408,612</u>	<u>1,660,778</u>	<u>-</u>	<u>2,981,369</u>
<b>TOTAL ASSETS</b>	<u>171,240</u>	<u>1,828,765</u>	<u>470,559</u>	<u>2,228,934</u>	<u>3,243</u>	<u>4,702,741</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	51,010	18,575	1,912	8,488	677	80,662
Accrued payroll	-	-	33,784	5,193	996	39,973
Deferred revenue	1,636	999	-	-	-	2,635
Internal balances	-	54,281	-	290,000	-	344,281
<b>Total Current Liabilities</b>	<u>52,646</u>	<u>73,855</u>	<u>35,696</u>	<u>303,681</u>	<u>1,673</u>	<u>467,551</u>
<b>Noncurrent Liabilities</b>						
Accrued vacation and sick leave	-	45,932	-	-	-	45,932
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>45,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,932</u>
<b>TOTAL LIABILITIES</b>	<u>52,646</u>	<u>119,787</u>	<u>35,696</u>	<u>303,681</u>	<u>1,673</u>	<u>513,483</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	32,800	879,179	408,612	1,654,778	-	2,975,369
Unrestricted	85,794	829,799	26,251	270,475	1,570	1,213,889
<b>TOTAL NET ASSETS</b>	<u>\$ 118,594</u>	<u>\$ 1,708,978</u>	<u>\$ 434,863</u>	<u>\$ 1,925,253</u>	<u>\$ 1,570</u>	<u>\$ 4,189,258</u>

**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, 2010**

	<u>School Lunch</u>	<u>Smithfield Ice Rink</u>	<u>E. Smithfield Public Library</u>	<u>Greenville Public Library</u>	<u>E. Smithfield Neighborhood Center</u>	<u>Total</u>
<b>Operating revenues</b>						
Charges for usage and service	\$ -	\$ 675,488	\$ 7,867	\$ 26,022	\$ 20,586	\$ 729,963
Food sales	481,922	-	-	-	-	481,922
Intergovernmental	163,839	-	104,254	140,184	-	408,277
Miscellaneous	-	-	5,393	25,794	-	31,187
<b>Total operating revenues</b>	<u>645,761</u>	<u>675,488</u>	<u>117,514</u>	<u>192,000</u>	<u>20,586</u>	<u>1,651,349</u>
<b>Operating expenses</b>						
Salaries and benefits	-	237,531	436,905	631,316	22,946	1,328,698
Operations	624,970	280,480	141,676	267,653	19,465	1,334,244
Depreciation and amortization	5,132	86,220	35,602	62,255	-	189,209
<b>Total operating expenses</b>	<u>630,102</u>	<u>604,231</u>	<u>614,183</u>	<u>961,224</u>	<u>42,411</u>	<u>2,852,151</u>
<b>Operating income (loss)</b>	<u>15,659</u>	<u>71,257</u>	<u>(496,669)</u>	<u>(769,224)</u>	<u>(21,825)</u>	<u>(1,200,802)</u>
<b>Non-operating revenues (expenses)</b>						
Transfer in from town	-	-	457,885	729,849	20,387	1,208,121
Interest income	-	6,591	64	3,959	18	10,632
Grants	-	-	29,537	216,772	-	246,309
Unrealized gain on investment	-	-	-	10,867	-	10,867
Interest expense	-	-	-	(2,949)	-	(2,949)
<b>Total non-operating (expenses)</b>	<u>-</u>	<u>6,591</u>	<u>487,486</u>	<u>958,498</u>	<u>20,405</u>	<u>1,472,980</u>
<b>Change in Net Assets</b>	<u>15,659</u>	<u>77,848</u>	<u>(9,183)</u>	<u>189,274</u>	<u>(1,420)</u>	<u>272,178</u>
<b>Total Net Assets - Beginning</b>	<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>
<b>Total Net Assets - Ending</b>	<u>\$ 118,594</u>	<u>\$ 1,708,978</u>	<u>\$ 434,863</u>	<u>\$ 1,925,253</u>	<u>\$ 1,570</u>	<u>\$ 4,189,258</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NON-MAJOR PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2010**

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
<b>Cash flows from operating activities</b>						
Cash received from customers	\$ 670,528	\$ 697,726	\$ 7,867	\$ 26,022	\$ 20,973	\$ 1,423,116
Cash received from providing services	-	-	109,647	165,978	-	275,625
Cash payments to suppliers for goods and services	(639,936)	(279,248)	(143,321)	(264,057)	(19,551)	(1,346,113)
Cash payments to employees for services	-	(232,078)	(435,463)	(651,871)	(23,217)	(1,342,629)
<b>Net cash provided by (used for) operating activities</b>	<u>30,592</u>	<u>186,400</u>	<u>(461,270)</u>	<u>(723,928)</u>	<u>(21,795)</u>	<u>(990,001)</u>
<b>Cash flows from non-capital financing activities</b>						
Nonoperating grants received	-	-	29,537	216,772	-	246,309
Transfers in from town	-	-	457,885	729,849	20,387	1,208,121
Interfund loans	(9,970)	268	-	290,000	-	280,298
<b>Net cash provided by non-capital financing activities</b>	<u>(9,970)</u>	<u>268</u>	<u>487,422</u>	<u>1,236,621</u>	<u>20,387</u>	<u>1,734,728</u>
<b>Cash flows from capital and related financing activities</b>						
Additions to capital assets	-	(228,202)	(27,602)	(276,400)	-	(532,204)
Interest paid on long term debt	-	-	-	(2,949)	-	(2,949)
<b>Net cash (used for) capital and related financing activities</b>	<u>-</u>	<u>(228,202)</u>	<u>(27,602)</u>	<u>(279,349)</u>	<u>-</u>	<u>(535,153)</u>
<b>Cash flows from investing activities</b>						
Interest income	-	6,591	64	3,959	18	10,632
Unrealized gain on investment	-	-	-	10,867	-	10,867
Net purchases of investments	-	-	-	(65,788)	-	(65,788)
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>6,591</u>	<u>64</u>	<u>(50,962)</u>	<u>18</u>	<u>(44,289)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	20,622	(34,943)	(1,386)	182,382	(1,390)	165,285
<b>Cash and cash equivalents at beginning of year</b>	97,820	956,140	63,333	160,642	4,633	1,282,568
<b>Cash, (cash overdrafts recorded as payables) and cash equivalents at end of year</b>	<u>\$ 118,442</u>	<u>\$ 921,197</u>	<u>\$ 61,947</u>	<u>\$ 343,024</u>	<u>\$ 3,243</u>	<u>\$ 1,447,853</u>

**SUPPLEMENTARY INFORMATION  
TOWN OF SMITHFIELD, RHODE ISLAND  
NON-MAJOR PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2010  
(continued)**

	<u>School Lunch</u>	<u>Smithfield Ice Rink</u>	<u>E. Smithfield Public Library</u>	<u>Greenville Public Library</u>	<u>E. Smithfield Neighborhood Center</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>						
<b>Operating income (Loss)</b>	\$ 15,659	\$ 71,257	\$ (496,669)	\$ (769,224)	\$ (21,825)	\$ (1,200,802)
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>						
Depreciation and amortization	5,132	86,220	35,602	62,255	-	189,209
<b>Changes in assets and liabilities:</b>						
(Increase) decrease in accounts receivable	-	28,180	-	-	387	28,567
(Increase) decrease in other assets	24,399	-	-	-	-	24,399
Increase (decrease) in accounts payable and accrued expen	(14,966)	1,232	(1,645)	3,596	(86)	(11,869)
Increase (decrease) in accrued expense	-	5,453	1,442	(20,555)	(271)	(13,931)
Increase (decrease) in deferred revenue	368	(5,942)	-	-	-	(5,574)
<b>Total adjustments</b>	<u>14,933</u>	<u>115,143</u>	<u>35,399</u>	<u>45,296</u>	<u>30</u>	<u>210,801</u>
<b>Net cash provided by operating activities</b>	<u>\$ 30,592</u>	<u>\$ 186,400</u>	<u>\$ (461,270)</u>	<u>\$ (723,928)</u>	<u>\$ (21,795)</u>	<u>\$ (990,001)</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>PUPIL ACTIVITY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 147,456	\$ 581,009	\$ 557,070	\$ 171,395
<b>Total assets</b>	<u>\$ 147,456</u>	<u>\$ 581,009</u>	<u>\$ 557,070</u>	<u>\$ 171,395</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 147,456	\$ 581,009	\$ 557,070	\$ 171,395
<b>Total liabilities</b>	<u>\$ 147,456</u>	<u>\$ 581,009</u>	<u>\$ 557,070</u>	<u>\$ 171,395</u>
<b>PROBATE COURT</b>				
<b>Assets</b>				
Cash	\$ 122,081	\$ 133	\$ 26,373	\$ 95,841
<b>Total assets</b>	<u>\$ 122,081</u>	<u>\$ 133</u>	<u>\$ 26,373</u>	<u>\$ 95,841</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 122,081	\$ 133	\$ 26,373	\$ 95,841
<b>Total liabilities</b>	<u>\$ 122,081</u>	<u>\$ 133</u>	<u>\$ 26,373</u>	<u>\$ 95,841</u>
<b>STREET LIGHTING</b>				
<b>Assets</b>				
Cash	\$ 20,464	\$ 54	\$ -	\$ 20,518
<b>Total assets</b>	<u>\$ 20,464</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 20,518</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 20,464	\$ 54	\$ -	\$ 20,518
<b>Total liabilities</b>	<u>\$ 20,464</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 20,518</u>
<b>SOIL EROSION</b>				
<b>Assets</b>				
Cash	\$ 369,578	\$ 32,789	\$ 117,945	\$ 284,422
<b>Total assets</b>	<u>\$ 369,578</u>	<u>\$ 32,789</u>	<u>\$ 117,945</u>	<u>\$ 284,422</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 369,578	\$ 100,541	\$ 232,402	\$ 237,717
Internal balances	-	67,752	114,457	46,705
<b>Total liabilities</b>	<u>\$ 369,578</u>	<u>\$ 168,293</u>	<u>\$ 346,859</u>	<u>\$ 284,422</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 659,579	\$ 613,985	\$ 701,388	\$ 572,176
<b>Total assets</b>	<u>\$ 659,579</u>	<u>\$ 613,985</u>	<u>\$ 701,388</u>	<u>\$ 572,176</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 659,579	\$ 681,737	\$ 815,845	\$ 525,471
Internal balances	-	67,752	114,457	46,705
<b>Total liabilities</b>	<u>\$ 659,579</u>	<u>\$ 749,489</u>	<u>\$ 930,302</u>	<u>\$ 572,176</u>



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Tax Collector's Annual Report**  
**For the Fiscal Year Ended June 30, 2010**

<b>Fiscal Year End</b>	<b>Balance July 1, 2009</b>	<b>Current Year Assessment</b>	<b>Additions</b>	<b>Refunds and Adjustments</b>	<b>Abatements and Adjustments</b>	<b>Amount to be Collected</b>	<b>Collections</b>	<b>Balance June 30, 2010</b>
2010	\$ -	\$ 46,156,583	\$ 130,931	\$ 18,334	\$ 37,581	\$ 46,268,267	\$ 43,822,439	\$ 2,445,828
2009	4,477,941	-	593	8,886	7,553	4,479,867	4,193,538	286,329
2008	228,359	-	888	325	870	228,702	71,448	157,254
2007	124,299	-	533	(16)	593	124,223	11,827	112,396
2006	114,707	-	192	15	289	114,625	6,729	107,896
2005	135,606	-	-	(23)	1,423	134,160	6,181	127,979
2004	176,247	-	-	(1)	98	176,148	10,514	165,634
2003	251,151	-	-	1	91	251,061	5,131	245,930
2002	182,274	-	-	(13)	86	182,175	3,350	178,825
<b>Totals</b>	<b>\$ 5,690,584</b>	<b>\$ 46,156,583</b>	<b>\$ 133,137</b>	<b>\$ 27,508</b>	<b>\$ 48,584</b>	<b>\$ 51,959,228</b>	<b>\$ 48,131,157</b>	<b>\$ 3,828,071</b>

**Schedule of most recent net assessed property value by category as of December 31, 2008:**

<b>Description of Property</b>	<b>Valuations</b>	<b>Exemptions</b>	<b>Tax Rate per 1000</b>	<b>Levy - Net</b>
Real property	\$2,218,184,870	\$ 3,669,905	\$ 13.98	\$ 30,958,542
Real property - frozen	637,872,980	12,752,072	N/A	7,293,724
Motor vehicles	156,700,176	75,510,837	\$ 39.00	3,165,956
Personal property	92,727,220	-	\$ 51.10	4,738,361
<b>Total</b>	<b>\$3,105,485,246</b>	<b>\$ 91,932,814</b>		<b>\$ 46,156,583</b>

**Reconciliation of current year property tax revenue:**

Current year collections	<u>\$ 48,131,157</u>
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2010	1,257,360
Prior year revenue received in current year	(2,980,553)
Adjustments, refunds, liens and interest	162,930
Current year property tax revenue	<u>\$ 46,570,894</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Long-term Liabilities - Primary Government**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2010</u>	<u>Interest Paid</u>	<u>Due within one year</u>
<b>GOVERNMENTAL ACTIVITIES</b>										
<b>General Obligation Bonds Payable</b>										
Capital Improvement Bond 1997	6/15/1997	4.55-6.5%	4/15/2016	\$ 9,160,000	\$ 2,800,000	\$ -	\$ 400,000	\$ 2,400,000	\$ 142,300	\$ 400,000
Capital Improvement Bond 2003	6/25/2003	2.5-5.0%	10/15/2024	8,600,000	6,450,000	-	430,000	6,020,000	230,050	430,000
<b>Total general obligation bonds payable</b>				<u>17,760,000</u>	<u>9,250,000</u>	<u>-</u>	<u>830,000</u>	<u>8,420,000</u>	<u>372,350</u>	<u>830,000</u>
<b>Loans Payable</b>										
Lease Participation Certificate	3/12/2003	various	11/15/2012	7,350,000	3,175,000	-	740,000	2,435,000	131,925	770,000
<b>Total governmental funds bonds &amp; loans payable</b>				<u>25,110,000</u>	<u>12,425,000</u>	<u>-</u>	<u>1,570,000</u>	<u>10,855,000</u>	<u>504,275</u>	<u>1,600,000</u>
<b>Capital Leases Payable</b>										
Equipment Leases					228,558	-	60,960	167,598	9,999	63,620
<b>Total governmental funds bonds, loans, BANs &amp; leases payable</b>					<u>12,653,558</u>	<u>-</u>	<u>1,630,960</u>	<u>11,022,598</u>	<u>514,274</u>	<u>1,663,620</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
<b>Notes Payable</b>										
Clean Water	12/12/2007	1.492%	9/1/2022	850,000	801,000	-	50,000	751,000	15,581	51,000
Clean Water	10/6/2009	2.890%	9/1/2024	560,000	-	535,848	-	535,848	1,102	33,490
<b>Total notes payable</b>				<u>\$ 1,410,000</u>	<u>801,000</u>	<u>535,848</u>	<u>50,000</u>	<u>1,286,848</u>	<u>16,683</u>	<u>84,490</u>
<b>Total bonds and notes payable</b>					<u>801,000</u>	<u>535,848</u>	<u>50,000</u>	<u>1,286,848</u>	<u>16,683</u>	<u>84,490</u>
<b>Accrued expenses</b>										
Net pension obligation					1,878,728	1,385,873	570,270	2,694,331	-	-
Net other post employment benefit obligation					869,132	2,267,872	1,358,037	1,778,967	-	-
Accrued compensated absences					3,415,905	1,433,021	1,111,085	3,737,841	-	1,000,000
<b>Total accrued expenses</b>					<u>6,163,765</u>	<u>5,086,766</u>	<u>3,039,392</u>	<u>8,211,139</u>	<u>-</u>	<u>1,000,000</u>
<b>Total long term liabilities</b>					<u>\$ 19,618,323</u>	<u>\$ 5,622,614</u>	<u>\$ 4,720,352</u>	<u>\$ 20,520,585</u>	<u>\$ 530,957</u>	<u>\$ 2,748,110</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Debt Service Requirements**  
**To Maturity - General Fund**  
**For the Fiscal Year Ended June 30, 2010**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	14.74%	1,600,000	442,475	2,042,475
2012	29.85%	1,640,000	369,325	2,009,325
2013	45.37%	1,685,000	293,313	1,978,313
2014	53.02%	830,000	236,813	1,066,813
2015	60.66%	830,000	201,100	1,031,100
2016	68.31%	830,000	164,550	994,550
2017	72.27%	430,000	132,225	562,225
2018	76.23%	430,000	115,025	545,025
2019	80.19%	430,000	97,825	527,825
2020-24	100.00%	2,150,000	225,751	2,375,751
		<u><b>\$ 10,855,000</b></u>	<u><b>\$ 2,278,402</b></u>	<u><b>\$ 13,133,402</b></u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Debt Service Requirements**  
**To Maturity - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	6.57%	84,490	20,308	104,798
2012	13.21%	85,491	20,031	105,522
2013	19.93%	86,491	18,742	105,233
2014	26.73%	87,491	16,993	104,484
2015	33.68%	89,447	15,969	105,416
2016	40.71%	90,447	14,482	104,929
2017	47.89%	92,404	12,932	105,336
2018	55.23%	94,404	11,309	105,713
2019	62.71%	96,361	9,610	105,971
2020-2025	100.00%	479,822	21,365	501,187
		<u><u>\$ 1,286,848</u></u>	<u><u>\$ 161,741</u></u>	<u><u>\$ 1,448,589</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 SEVEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)

**Exhibit 1**

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>							
Invested in capital assets, net of related debt	\$ 27,277,016	\$ 22,780,778	\$ 19,460,357	\$ 15,714,930	\$ 11,847,660	\$ 10,481,689	\$ 9,283,598
Restricted	-	-	6,907,769	6,159,108	3,943,034	7,497,123	8,331,876
Unrestricted	9,083,365	12,201,744	4,956,251	7,690,795	8,064,521	6,450,626	7,554,625
<b>Total governmental activities net assets</b>	<b><u>\$ 36,360,381</u></b>	<b><u>\$ 34,982,522</u></b>	<b><u>\$ 31,324,377</u></b>	<b><u>\$ 29,564,833</u></b>	<b><u>\$ 23,855,215</u></b>	<b><u>\$ 24,429,438</u></b>	<b><u>\$ 25,170,099</u></b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 19,206,025	\$ 19,932,798	\$ 17,449,695	\$ 18,745,736	\$ 19,462,765	\$ 16,282,443	\$ 14,095,661
Unrestricted	7,278,605	7,165,904	7,166,588	6,352,272	6,033,377	5,286,771	4,742,358
<b>Total business-type activities net assets</b>	<b><u>\$ 26,484,630</u></b>	<b><u>\$ 27,098,702</u></b>	<b><u>\$ 24,616,283</u></b>	<b><u>\$ 25,098,008</u></b>	<b><u>\$ 25,496,142</u></b>	<b><u>\$ 21,569,214</u></b>	<b><u>\$ 18,838,019</u></b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 46,483,041	\$ 42,713,576	\$ 36,910,052	\$ 34,460,666	\$ 31,310,425	\$ 26,764,132	\$ 23,379,259
Restricted	-	-	6,907,769	6,159,108	3,943,034	7,497,123	8,331,876
Unrestricted	16,361,970	19,367,648	12,122,839	14,043,067	14,097,898	11,737,397	12,296,983
<b>Total primary government net assets</b>	<b><u>\$ 62,845,011</u></b>	<b><u>\$ 62,081,224</u></b>	<b><u>\$ 55,940,660</u></b>	<b><u>\$ 54,662,841</u></b>	<b><u>\$ 49,351,357</u></b>	<b><u>\$ 45,998,652</u></b>	<b><u>\$ 44,008,118</u></b>

**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 SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

**Exhibit 2**

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>							
<b>Governmental activities:</b>							
General government	\$ 7,165,831	\$ 4,910,553	\$ 3,418,361	\$ 2,441,754	\$ 2,754,935	\$ 2,416,005	\$ 2,477,033
Public safety	15,133,585	9,669,768	9,194,453	8,734,533	8,593,527	7,585,295	7,755,503
Public works	4,048,196	3,774,761	3,707,364	3,776,856	3,939,646	3,973,204	3,423,977
Education	34,340,402	33,482,943	32,980,815	31,981,580	29,756,361	27,507,323	25,945,633
Recreation	38,334	45,058	464,342	448,708	332,377	357,994	473,132
Public health and assistance	590,711	510,567	39,070	38,849	38,811	38,712	38,100
Community development	79,929	104,629	46,617	50,686	31,182	123,516	29,835
Other	-	6,672,425	7,809,494	6,788,619	6,668,165	7,054,668	5,749,149
Interest	580,558	687,665	655,052	607,413	718,819	794,182	890,253
<b>Total governmental activities expenses</b>	<b>61,977,546</b>	<b>59,858,369</b>	<b>58,315,568</b>	<b>54,868,998</b>	<b>52,833,823</b>	<b>49,850,899</b>	<b>46,782,615</b>
<b>Business-type activities:</b>							
Sewer fund	2,353,160	2,454,077	2,277,808	2,376,756	2,251,112	1,922,068	2,010,078
Water Supply Board	1,007,849	1,037,189	1,052,921	940,214	770,658	728,222	789,363
Non-Major Funds	2,855,100	2,978,442	2,919,757	2,879,294	2,659,385	2,578,945	2,401,438
<b>Total business-type activities expenses</b>	<b>6,216,109</b>	<b>6,469,708</b>	<b>6,250,486</b>	<b>6,196,264</b>	<b>5,681,155</b>	<b>5,229,235</b>	<b>5,200,879</b>
<b>Total primary government expenses</b>	<b>\$ 68,193,655</b>	<b>\$ 66,328,077</b>	<b>\$ 64,566,054</b>	<b>\$ 61,065,262</b>	<b>\$ 58,514,978</b>	<b>\$ 55,080,134</b>	<b>\$ 51,983,494</b>
<b>Program revenues</b>							
<b>Governmental activities:</b>							
<i>Charges for services:</i>							
General government	\$ 811,901	\$ 1,010,420	\$ 1,371,289	\$ 1,792,087	\$ 1,539,128	\$ 1,440,426	\$ 1,510,073
Public safety	1,208,704	1,138,000	755,979	866,113	727,656	513,218	593,256
Education	-	-	-	327,020	350,655	425,814	430,249
Other activities	217,219	153,712	16,420	448	492	-	-
Operating grants and contributions	9,491,613	9,429,523	11,074,157	9,505,923	9,003,676	8,818,307	8,546,776
Capital grants and contributions	1,260,360	164,612	-	727,546	700,344	145,230	146,091
<b>Total governmental activities program revenues</b>	<b>12,989,797</b>	<b>11,896,267</b>	<b>13,217,845</b>	<b>13,219,137</b>	<b>12,321,951</b>	<b>11,342,995</b>	<b>11,226,445</b>
<b>Business-type activities:</b>							
<i>Charges for services:</i>							
Sewer fund	2,583,188	2,594,049	2,335,381	2,444,586	2,439,771	2,305,730	2,336,656
Water Supply Board	1,134,487	1,203,932	1,328,927	1,024,187	1,025,992	801,197	759,027
Non-Major Funds	1,651,349	1,484,425	1,499,239	1,833,318	1,719,335	1,731,322	1,660,854
Operating grants and contributions	246,309	3,694,645	361,042	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>5,615,333</b>	<b>8,977,051</b>	<b>5,524,589</b>	<b>5,302,091</b>	<b>5,185,098</b>	<b>4,838,249</b>	<b>4,756,537</b>
<b>Total primary government program revenues</b>	<b>\$ 18,605,130</b>	<b>\$ 20,873,318</b>	<b>\$ 18,742,434</b>	<b>\$ 18,521,228</b>	<b>\$ 17,507,049</b>	<b>\$ 16,181,244</b>	<b>\$ 15,982,982</b>
<b>Net (Expense)/Revenue</b>							
Governmental activities	\$ (48,987,749)	\$ (47,962,102)	\$ (45,097,723)	\$ (41,649,861)	\$ (40,511,872)	\$ (38,507,904)	\$ (35,556,170)
Business-type activities	(600,776)	2,507,343	(725,897)	(894,173)	(496,057)	(390,986)	(444,342)
<b>Total primary government net expenses</b>	<b>\$ (49,588,525)</b>	<b>\$ (45,454,759)</b>	<b>\$ (45,823,620)</b>	<b>\$ (42,544,034)</b>	<b>\$ (41,007,929)</b>	<b>\$ (38,898,890)</b>	<b>\$ (36,000,512)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
<b>Governmental activities:</b>							
Property taxes and other	\$ 49,509,411	\$ 49,119,278	\$ 45,449,278	\$ 43,501,514	\$ 41,549,207	\$ 38,477,384	\$ 38,596,955
State revenue sharing	-	742,742	1,607,243	1,881,701	1,792,773	1,346,867	1,268,058
Unrestricted investment earnings	503,420	678,890	547,245	550,834	402,377	271,356	181,552
Other revenues	188,973	30,383	32,354	-	-	-	-
Transfers	163,804	203,145	30,065	(176,899)	(4,159,315)	(1,684,220)	397,733
<b>Total general revenues</b>	<b>50,365,608</b>	<b>50,774,438</b>	<b>47,666,185</b>	<b>45,757,150</b>	<b>39,585,042</b>	<b>38,411,387</b>	<b>43,700,798</b>
<b>Business-type activities:</b>							
Unrestricted investment earnings	150,508	178,221	274,237	319,140	263,670	135,374	75,412
Transfers	(163,804)	(203,145)	(30,065)	176,899	4,159,315	1,684,220	(397,733)
<b>Total business-type activities</b>	<b>(13,296)</b>	<b>(24,924)</b>	<b>244,172</b>	<b>496,039</b>	<b>4,422,985</b>	<b>1,819,594</b>	<b>(322,321)</b>
<b>Total primary government</b>	<b>\$ 50,352,312</b>	<b>\$ 50,749,514</b>	<b>\$ 47,910,357</b>	<b>\$ 46,253,189</b>	<b>\$ 44,008,027</b>	<b>\$ 40,230,981</b>	<b>\$ 43,378,477</b>
<b>Change in Net Assets</b>							
Governmental activities	\$ 1,377,859	\$ 2,812,336	\$ 2,568,462	\$ 4,107,289	\$ (926,830)	\$ (96,517)	\$ 8,144,628
Business-type activities	(614,072)	2,482,419	(481,725)	(398,134)	3,926,928	1,428,608	(766,663)
<b>Total primary governmental</b>	<b>\$ 763,787</b>	<b>\$ 5,294,755</b>	<b>\$ 2,086,737</b>	<b>\$ 3,709,155</b>	<b>\$ 3,000,098</b>	<b>\$ 1,332,091</b>	<b>\$ 7,377,965</b>

**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 SEVEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

**Exhibit 3**

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved	\$ 8,136,064	\$ 6,710,951	\$ 5,945,301	\$ 5,245,410	\$ 3,777,906	\$ 3,219,830	\$ 2,385,611
Unreserved							
Designated for next years budget	3,826,125	4,510,302	4,887,774				
Unreserved	<u>3,030,955</u>	<u>3,048,528</u>	<u>3,076,940</u>	<u>7,090,793</u>	<u>6,435,803</u>	<u>4,832,027</u>	<u>5,259,494</u>
Total general fund	<u>14,993,144</u>	<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>	<u>7,645,105</u>
All Other Governmental Funds							
Reserved	1,394,335	748,535	962,468	913,698	165,128	4,277,293	5,496,265
Unreserved:	1,036,371	1,557,054	616,202	186,796	57,565	116,001	-
Unreserved, reported in:							
Special Revenue Funds	7,353,322	5,509,562	3,701,096	3,535,805	4,042,001	3,980,001	337,926
Capital Projects Funds	<u>(8,485,437)</u>	<u>(4,769,791)</u>	<u>(2,874,510)</u>	<u>(220,485)</u>	<u>2,340,506</u>	<u>2,732,700</u>	<u>3,957,550</u>
Total All Other Governmental Funds	<u>1,298,591</u>	<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>	<u>9,791,741</u>
Total governmental funds	<u>\$ 16,291,735</u>	<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>	<u>\$ 17,436,846</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				
	2010	2009	2008	2007	2006
<b>Revenues</b>					
General property tax	\$ 49,599,927	\$ 48,402,854	\$ 46,089,144	\$ 43,244,359	\$ 40,753,963
Intergovernmental	3,047,736	3,076,659	10,754,099	10,647,869	10,507,554
State aid for education	4,635,136	4,832,845	-	-	-
Federal revenue - SFSF	104,661	373,470	-	-	-
Licenses, fees, and permits	731,581	714,910	841,184	1,495,146	1,081,003
Investment Income	503,420	678,890	830,690	550,834	402,377
Departmental	841,716	967,497	606,653	627,876	818,850
Other revenues	3,628,967	2,673,628	2,339,707	2,540,088	1,912,773
<b>Total revenues</b>	<u>63,093,144</u>	<u>61,720,753</u>	<u>61,461,477</u>	<u>59,106,172</u>	<u>55,476,520</u>
<b>Expenditures</b>					
General government	2,887,792	2,986,427	2,851,217	2,202,635	\$ 2,531,717
Public safety	9,954,701	9,646,412	9,002,213	7,900,652	8,119,241
Public works	2,781,149	2,970,915	2,931,036	2,853,597	3,076,619
Education	34,602,933	33,576,394	32,975,348	31,142,113	28,812,232
Public health and assistance	38,334	45,058	39,070	38,849	38,811
Parks and recreation	472,981	466,165	448,579	410,255	306,226
Community development	79,929	104,629	46,617	50,686	31,182
Employee benefits and operating grants	6,998,640	6,736,425	7,809,494	6,766,122	6,614,323
Capital outlay	4,301,472	2,853,201	3,424,691	4,686,181	6,141,528
Debt Service - principal	1,570,000	1,685,000	1,740,000	1,730,000	1,985,355
Debt Service - interest	504,275	662,168	666,491	687,005	767,272
Debt Service - financing cost	88,148	37,043	-	-	-
<b>Total expenditures</b>	<u>64,280,354</u>	<u>61,769,837</u>	<u>61,934,756</u>	<u>58,468,095</u>	<u>58,424,506</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(1,187,210)</u>	<u>(49,084)</u>	<u>(473,279)</u>	<u>638,077</u>	<u>(2,947,986)</u>
<b>Other financing sources (uses)</b>					
Issuance of debt	-	-	-	-	-
Proceeds from leasing	-	-	-	71,510	335,000
Transfers from General Fund - local appropriation	27,294,293	26,422,217	-	-	-
Transfers from General Fund - state aid	4,635,136	4,832,809	-	-	-
Transfers from General Fund - federal SFSF	104,661	373,470	-	-	-
Transfers out School Unrestricted Fund - appropriation	(27,294,293)	(26,422,217)	-	-	-
Transfers out School Unrestricted Fund - State-aid for education	(4,635,136)	(4,832,809)	-	-	-
Transfers out School Unrestricted Fund - federal SFSF	(104,661)	(373,470)	-	-	-
Transfers from other funds	5,093,234	5,006,681	34,272,688	32,065,961	29,720,658
Transfers to other funds	(4,929,430)	(4,803,536)	(34,236,155)	(32,201,510)	(29,799,222)
<b>Total other financing sources (uses)</b>	<u>163,804</u>	<u>203,145</u>	<u>36,533</u>	<u>(64,039)</u>	<u>256,436</u>
<b>Net change in fund balances</b>	<u>(1,023,406)</u>	<u>154,061</u>	<u>(436,746)</u>	<u>574,038</u>	<u>(2,691,550)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>3.74%</u>	<u>4.22%</u>	<u>4.29%</u>	<u>4.71%</u>	<u>5.56%</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)

**Exhibit 4 (Continued)**

	Fiscal Year				
	2005	2004	2003	2002	2001
<b>Revenues</b>					
General property tax	\$ 38,487,365	\$ 36,132,748	\$ 34,816,220	\$ 31,095,444	\$ 29,896,617
Intergovernmental	9,447,575	9,187,777	8,504,339	8,563,362	8,308,465
Licenses, fees, and permits	1,070,424	1,024,119	702,697	1,116,900	830,495
Investment Income	271,356	181,552	126,380	182,991	359,303
Departmental	857,153	81,458	157,212	448,891	85,624
Other revenues	1,548,997	2,492,977	2,020,608	1,187,872	1,152,270
<b>Total revenues</b>	<u>51,682,870</u>	<u>49,100,631</u>	<u>46,327,456</u>	<u>42,595,460</u>	<u>40,632,774</u>
<b>Expenditures</b>					
General Government	2,521,855	2,395,357	2,879,998	1,873,760	1,901,536
Public safety	7,324,594	7,518,593	7,145,315	6,509,075	6,209,586
Public works	2,934,086	3,222,301	2,590,970	2,384,253	2,225,013
Education	26,808,027	26,103,001	25,597,252	23,667,375	22,598,548
Public Health and Assistance	38,712	38,100	38,265	38,036	38,091
Parks and recreation	328,358	447,534	305,248	291,911	284,582
Community development	123,516	29,835	44,743	-	-
Other	7,054,668	5,749,149	7,380,494	4,177,707	3,701,528
Capital outlay	3,500,909	3,309,641	3,496,646	677,440	522,842
Debt Service - principal	2,028,540	1,657,972	966,836	971,268	918,132
Debt Service - interest	841,121	869,370	398,791	443,066	554,240
<b>Total expenditures</b>	<u>53,504,386</u>	<u>51,340,853</u>	<u>50,844,558</u>	<u>41,033,891</u>	<u>38,954,098</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(1,821,516)</u>	<u>(2,240,222)</u>	<u>(4,517,102)</u>	<u>1,561,569</u>	<u>1,678,676</u>
<b>Other financing sources (uses)</b>					
Issuance of debt	-	8,608,466	-	-	-
Proceeds from leasing	138,000	-	8,008,597	-	-
Transfers from General Fund - local appropriation	-	-	-	-	-
Transfers from General Fund - state aid	-	-	-	-	-
Transfers from General Fund - federal SFSE	-	-	-	-	-
Transfers out School Unrestricted Fund - appropriation	-	-	-	-	-
Transfers out School Unrestricted Fund - State-aid for education	-	-	-	-	-
Transfers out School Unrestricted Fund - federal SFSE	-	-	-	-	-
Transfers from other funds	29,086,908	28,267,737	25,962,429	24,908,353	21,825,751
Transfers to other funds	(29,132,386)	(27,920,004)	(26,898,984)	(25,714,278)	(22,538,066)
<b>Total other financing sources (uses)</b>	<u>92,522</u>	<u>8,956,199</u>	<u>7,072,042</u>	<u>(805,925)</u>	<u>(712,315)</u>
<b>Net change in fund balances</b>	<u>(1,728,994)</u>	<u>6,715,977</u>	<u>2,554,940</u>	<u>755,644</u>	<u>966,361</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>6.09%</u>	<u>5.55%</u>	<u>2.97%</u>	<u>3.63%</u>	<u>3.98%</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**

<b>Fiscal Year<sup>1</sup> Ended June 30</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value Taxable Value</b>	<b>Assessed Value<sup>2</sup> as a Percentage of Actual Value</b>
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	360,978,980	2,634,373,405	16.73	3,153,002,511	95.00%
2010	2,856,057,850	249,427,396	362,930,140	2,742,555,106	16.83	3,268,931,838	95.00%

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

<sup>1</sup> Revaluations were conducted for Fiscal Years 2002, 2005 and 2008

<sup>2</sup> Includes tax-exempt property

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

**Exhibit 6**

<u>Fiscal Year</u>		<u>Municipal</u>	<u>Education</u>	<u>Tax</u>
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 (2)	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
2010	Real Estate	\$ 6.43	\$ 7.55	\$ 13.98
	Personal Property	\$ 23.51	\$ 27.59	\$ 51.10

Source: Town of Smithfield, Rhode Island tax records

(1) Town wide property statistical revaluation

(2) Town wide full property revaluation

**TOWN OF SMITHFIELD  
PRINCIPAL TAXPAYERS  
UNAUDITED  
JUNE 30, 2010**

**Exhibit 7**

<b>Taxpayer</b>	<b>2010</b>			<b>2001</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Fidelity Corporate Real Estate	\$ 192,170,026	1	6.19%	\$ -	-	-
W/S Smithfield Associates, LLC	61,422,400	2	1.98	-	-	-
National Grid (Electricity)	23,949,200	3	0.77	10,835,307	2	1.07%
Smithfield Office Park	23,032,905	4	0.74	-	-	-
Village at Waterman Lake	18,475,800	5	0.59	17,364,600	1	1.71%
FGX International Inc.	13,348,629	6	0.43	-	-	-
Target Corp.	12,895,000	7	0.42	-	-	-
Sperian Eye & Face Protection	12,362,304	8	0.40	-	-	-
National Grid (Gas)	3,491,580	9	0.11	-	-	-
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%
	<u>\$ 364,531,234</u>		<u>11.74%</u>	<u>\$ 77,340,269</u>		<u>2.49%</u>
<b>Total assessed valuation (gross)</b>	<b>\$ 3,105,485,246</b>			<b>\$ 1,014,557,473</b>		

Source: Town Tax Assessor's Office

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

**Exhibit 8**

<u>Fiscal Year</u>	<u>Taxes Levied for the Tax Year</u>	<u>Collection within the Fiscal Year of te Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Lev</u>
2001	28,147,971	24,909,188	88.49	3,230,579	28,139,767	99.97
2002	29,964,881	25,621,516	85.51	4,164,540	29,786,056	99.40
2003	31,801,057	27,462,597	86.36	4,092,530	31,555,127	99.23
2004	33,739,654	31,036,315	91.99	2,537,705	33,574,020	99.51
2005	35,384,006	33,142,577	93.67	2,113,450	35,256,027	99.64
2006	37,721,249	35,204,633	93.33	2,408,720	37,613,353	99.71
2007	39,873,408	35,907,818	90.05	3,853,194	39,761,012	99.72
2008	41,966,302	37,655,824	89.73	4,153,224	41,809,048	99.63
2009	44,064,149	39,986,080	90.75	3,791,762	43,777,842	99.35
2010	46,156,583	43,822,439	94.94	-	43,822,439	94.94

**TOWN OF SMITHFIELD  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

**Exhibit 9**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>	<b>Total Primary Government</b>	<b>Per Capita<sup>1</sup></b>
	<b>General Obligation Bonds</b>	<b>Lease Participation Certificates</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>		
2001	9,239,971	-	-	205,029	<b>9,445,000</b>	453.35
2002	8,268,703	-	-	161,297	<b>8,430,000</b>	399.17
2003	7,301,867	7,350,000	361,425	118,133	<b>15,131,425</b>	707.54
2004	14,943,895	6,650,000	209,524	76,105	<b>21,879,524</b>	1,004.89
2005	13,585,355	5,980,000	221,458	34,645	<b>19,821,458</b>	911.16
2006	12,280,000	5,300,000	459,295	-	<b>18,039,295</b>	844.22
2007	11,245,000	4,605,000	420,521	-	<b>16,270,521</b>	764.63
2008	10,210,000	3,900,000	315,894	-	<b>14,425,894</b>	681.08
2009	9,250,000	3,175,000	228,560	-	<b>12,653,560</b>	596.73
2010	8,420,000	2,435,000	167,598	-	<b>11,022,598</b>	518.22

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements

<sup>1</sup> See the Schedule of Demographics and Economic Statistics for population data

**TOWN OF SMITHFIELD  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

**Exhibit 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2001	\$ 9,239,971	\$ -	\$ 9,239,971	0.91%	\$ 444
2002	8,268,703	-	8,268,703	0.62%	392
2003	7,301,867	-	7,301,867	0.54%	341
2004	14,943,895	-	14,943,895	0.81%	686
2005	13,585,355	-	13,585,355	0.59%	624
2006	12,280,000	-	12,280,000	0.46%	575
2007	11,245,000	-	11,245,000	0.38%	528
2008	10,210,000	-	10,210,000	0.32%	482
2009	9,250,000	-	9,250,000	0.29%	436
2010	8,420,000	-	8,420,000	0.26%	396

Note: Details regarding the town's outstanding debt can be found in the notes to the financial statements  
Debt Service is paid through the General Fund, the Town does not maintain a debt service fund.

<sup>1</sup> See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> See the Schedule of Demographics and Economic Statistics for population data



**TOWN OF SMITHFIELD  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2010**

**Exhibit 11**

The Town of Smithfield is not subject to any overlapping debt.

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

**Exhibit 12**

**Legal Debt Margin Calculation for the Fiscal Year 2010**

Net Tax Levy	3,013,552,430
Debt Limit (3%)	90,406,573
	-
Legal debt margin	\$ 90,406,573

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$ 90,406,573	\$ 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
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 90,406,573	\$ 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
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%

**Note:** In 2005 the Town underwent a full property revaluation

In 2002 and 2008 the Town underwent a statistical revaluation.

The Town has no debt issues outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2  
All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

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

**Exhibit 13**

<b>Fiscal Year Ended June 30</b>	<b>Population<sup>1</sup></b>	<b>Median Family Income<sup>1</sup></b>	<b>Median Home Price<sup>1</sup></b>	<b>Personal Income<sup>2</sup> (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
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	242,750	\$ 629,139	29,703	38.7	2,599	5.50%
2009	21,205	*	230,000	*	*	*	2,555	8.70%
2010	21,270	*	227,000	*	*	*	2,504	11.60%

Data sources

<sup>1</sup> Rhode Department of Economic Development

<sup>2</sup> City-Data.com

<sup>3</sup> Smithfield School Department

<sup>4</sup> Rhode Department of Labor and Training

**TOWN OF SMITHFIELD  
PRINCIPAL EMPLOYERS  
UNAUDITED  
CURRENT YEAR AND NINE YEARS PRIOR**

**Exhibit 14**

<b>Employer</b>	<b>2010</b>			<b>2001</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Town Employment</b>
Fidelity Investments	1,800	1	13.76%	1,600	1	14.68%
Bryant University	762	2	5.82%	550	2	5.05%
Town of Smithfield	509	3	3.89%	449	4	4.12%
Benny's Home & Auto Stores, Inc.	500	4	3.82%	500	3	4.59%
Citizens Bank of RI	400	5	3.06%	-	-	-
FGX International	350	6	2.68%	275	5	2.52%
Sperian Protection Americas	250	7	1.91%	340	6	3.12%
The Home Depot	250	8	1.91%	250	7	2.29%
The Stop & Shop Company, Inc.	225	9	1.72%	225	8	2.06%
Village at Waterman Lake	200	10	1.53%	160	9	1.47%
Target Stores	-	-	-	150	10	1.38%
<b>Total</b>	<b>5,246</b>		<b>40.09%</b>	<b>4,499</b>		<b>41.27%</b>

Source: Rhode Island Economic Development Corporation

**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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	26	26	26	26	27	27	28	34	34	32
Public Safety										
Police										
Officers	39	39	39	40	39	40	40	41	41	41
Civilians	13	13	13	14	13	13	13	13	13	12
Fire										
Firefighters and Officers	37	37	40	40	40	40	40	48	48	48
Civilians	6	6	6	6	6	6	6	6	6	6
Ice Rink	3	3	3	3	3	3	3	3	3	3
Parks	3	3	3	3	3	3	4	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	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>152</b>	<b>152</b>	<b>155</b>	<b>157</b>	<b>156</b>	<b>157</b>	<b>159</b>	<b>174</b>	<b>174</b>	<b>171</b>

Source: Finance Department

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

**Exhibit 16**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Physical Arrests	1,051	1,091	1,215	971	1,018	1,053	1,015	947	861	822
Parking Violations	150	149	302	275	286	203	291	454	261	164
Traffic Violations	4,850	3,837	4,329	4,637	4,648	5,662	4,933	4,432	4,665	3,859
<b>Fire</b>										
Total Incidents	3,048	3,142	3,325	3,503	3,640	3,723	3,832	3,914	3,850	4,160
Commercial Inspections	202	*	190	182	163	150	152	173	204	157
Residential Inspections	361	*	384	416	414	340	304	313	305	178
Commercial Plan Review	48	*	39	58	73	85	92	82	102	59
Residential Plan Review	47	*	96	102	101	94	93	59	33	48
<b>Highway and Street</b>										
Street Resurfacing (miles)	0.55	1.33	1.89	1.36	1.04	0.21	8.15	2.90	3.88	2.73
<b>Sanitation</b>										
Refuse Collected (tons/day)	*	*	*	23.25	24.66	25.79	24.39	21.04	17.65	24.10
Paper Recyclables Collected (tons/day)	*	*	*	3.74	3.89	3.71	3.72	3.91	3.91	4.74
Mixed Recyclables Collected (tons/day)	*	*	*	2.16	2.18	2.10	2.26	2.88	2.47	3.51
<b>Wastewater</b>										
Average Daily Sewage Treatment (thousands of gallons)	1,870	1,760	2,020	1,800	1,990	2,100	1,900	2,090	1,960	1,998

Sources: Various government departments

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

**Exhibit 17**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	*	*	*	*	*	*	*	27	27	27
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	*	*	*	*	*	*	*	183	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	14	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  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS**

**Exhibit 18**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Expenditures<sup>1</sup></b>	<b>Ratio of Total Assessed to Total Estimated Actual Value</b>
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	1,985,355	767,272	2,752,627	52,474,432	5.25%
2007	1,730,000	687,005	2,417,005	54,631,064	4.42%
2008	1,740,000	666,491	2,406,491	57,914,632	4.16%
2009	1,685,000	662,168	2,347,168	61,769,837	3.80%
2010	1,570,000	504,275	2,074,275	64,280,354	3.23%

Notes:

<sup>1</sup> Includes General, Special Revenue and Capital Project Funds.



**SMITHFIELD PUBLIC SCHOOLS  
MISCELLANEOUS STATISTICS  
UNAUDITED  
JUNE 30, 2010**

**Exhibit 19**

**BUILDINGS**

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

**STUDENTS**

	Elementary	Secondary	Total
2010	1060	1,444	2,504
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

Administrative	15.0
Certified Staff:	
Instructional	170.0
ESL	0.5
Special Education	39.8
Other (Librarians, Counselors, Nurses, etc.)	<u>23.0</u>
Total Certified Staff	233.3
Non- Certified Staff	
Secretary and Clerical	20.0
Building and Maintenance	28.0
Teacher Assistants	37.0
Supervisory Aides	0.0
Technicians	2.0
Bus Monitors	0.0
Attendance Officer	<u>1.0</u>
	88.0
Total FTE's	<u><u>336.3</u></u>

Data collected from School Department

**TOWN OF SMITHFIELD  
MISCELLANEOUS STATISTICS  
UNAUDITED  
JUNE 30, 2010**

**Exhibit 20**

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 Employee:	59
Fire Protection			
# Fire Stations:	3		
Employees :			
Uniformed	48		
Civilian(s)	6		
Library			
Full Time Employees	9		
Part Time Employees	35		

Data collected from various Town departments

***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, 2010, and have issued our report thereon dated December 13, 2010. 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'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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'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 13, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town'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's management. Our responsibility is to express an opinion on the Town'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'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's compliance with those requirements.

In our opinion, the Town 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, 2010.

**Internal Control Over Compliance**

Management of the Town 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'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 and to test and report on internal control compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, 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.



Parmelee, Poirier & Associates, LLP  
Parmelee, Poirier & Associates, LLP  
December 13, 2010

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
<b>Passed through the State of Rhode Island Department of Education</b>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 16,620
National School Lunch Program	10.555	N/A	138,804
Food Donation (Note 4)	10.550	N/A	6,033
<b>Total U.S. Department of Agriculture</b>			<u>\$ 161,457</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through the State of Rhode Island Office of Housing and Community Development</b>			
Community Development Block Grant/States Program	14.228	Various	79,929
<b>Total U.S. Department of Housing and Urban Development</b>			<u>\$ 79,929</u>
<b>U.S. Department of Justice</b>			
<i>Direct Program:</i>			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 68,692
<b>Passed through the State of Rhode Island Department of Justice</b>			
Bullet Proof Vest Partnership Program	16.607	BUBX08043723	2,700
Enforcing Underage Drinking Laws Program	16.727	N/A	4,181
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-G2513-RI-SB	17,467
<b>Total U.S. Department of Justice</b>			<u>\$ 93,040</u>
<b>U.S. Department of Transportation</b>			
<b>Passed-through the State of Rhode Island Department of Transportation</b>			
Highway Planning and Construction	20.205	TEA2-013	\$ 55,416
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Various	25,589
<b>Total U.S. Department of Transportation</b>			<u>\$ 81,005</u>
<b>Environmental Protection Agency</b>			
<b>Passed-through the State of Rhode Island Department of Environmental Management</b>			
Nonpoint Source Implementation Grants	66.460	02-Water(NPS)-22	\$ 10,385
<b>Total U.S. Environmental Protection Agency</b>			<u>\$ 10,385</u>
<b>U.S. Department of Education</b>			
<b>Passed-through the State of Rhode Island Department of Education</b>			
Title I Grants to Local Education Agencies	84.010A	2725-11702-001	\$ 122,087
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	2725-13202-001	559,631
Special Education - Preschool Grants	84.173A	2725-13502-001	18,207
ARRA - Special Education - Grants to States	84.391	4572-10202-001	337,613
ARRA - Special Education - Preschool Grants	84.392	4572-10802-001	7,984
Safe and Drug Free Schools and Communities State Grants	84.186A	2725-12602-001	10,138
State Grants for Innovative Programs	84.298A	2725-11302-001	2,882
Improving Teacher Quality State Grants	84.367A	2725-16402-001	94,542
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	4572-10502-001	282,966
<b>Passed-through the State of Rhode Island Department of Education and the Davies Career and Technical Center</b>			
Career and Technical Education - Basic Grants to States	84.048A	2725-15302-001	13,196
Tech-Prep Education	84.243A	2725-15502-001	17,632
<b>Passed-through the State of Rhode Island Department of Education and the North Providence, RI School Department</b>			
English Language Acquisition Grants	84.365A	2725-16502-001	5,441
<b>Total U.S. Department of Education</b>			<u>\$ 1,472,319</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,898,135</u>



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2010**

**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:**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
	<i>Special Education Cluster</i>
84.027A	Special Education – Grants to States
84.173A	Special Education – Preschool Grants
84.391	ARRA - Special Education – Grants to States
84.392	ARRA - Special Education – Preschool Grants
84.394	ARRA - State Fiscal Stabilization Fund – Education State Grants

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

Auditee qualified as low risk auditee?   X   yes      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, 2010**  
**(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, 2010**

**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, 2010**

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, 2010, 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:

<u>CFDA #</u>	<u>Program Name</u>
	<i>Special Education Cluster</i>
84.027A	Special Education – Grants to States
84.173A	Special Education – Preschool Grants
84.391	ARRA - Special Education – Grants to States
84.392	ARRA - Special Education – Preschool Grants
84.394	ARRA - State Fiscal Stabilization Fund – Education State Grants

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 \$6,033 represents the market value of such commodities used during the period.