

TOWN OF SMITHFIELD RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018



Randy R. Rossi
Town Manager

Prepared by: Finance Department

TOWN OF SMITHFIELD

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TOWN OF SMITHFIELD, RHODE ISLAND

YEAR ENDED JUNE 30, 2018

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Town of Smithfield

OFFICE OF THE TOWN MANAGER
64 FARNUM PIKE
SMITHFIELD, RHODE ISLAND 02917
TELEPHONE: (401) 233-1010 FACSIMILE: (401) 233-1080
EMAIL: RROSSI@SMITHFIELDRI.COM

RANDY R. ROSSI, MBA, CGFM
TOWN MANAGER / FINANCE

December 28, 2018

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Smithfield, for the fiscal year ended June 30, 2018. The report includes the independent auditor's report as required by Rhode Island Statutes. The report is prepared in conformity with general accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of the Town of Smithfield. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Smithfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Smithfield's financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgements by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Robert J. Civetti, CPA, LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Rhode Island, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Smithfield, Rhode Island for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Smithfield's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Smithfield was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basis financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Smithfield’s MD&A can be found immediately following the independent auditor’s report.

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 Gloucester 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 approximately \$82,652,000 based on net assessed valuations of \$2,755,071,181 as of December 31, 2016. As of June 30, 2018, the Town has \$140,000 of outstanding debt under the 3% debt limit provision; all other 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 \$6,259,967 in direct State aid for the fiscal year ended June 30, 2018. The Town budgeted \$7,714,245 in direct State aid for fiscal year ending June 30, 2019.

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, 2018, the Town received \$509,198 in such construction aid and the Town budgeted \$400,000 for fiscal year ending June 30, 2019.

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 (Unrestricted Fund) for the fiscal year ended June 30, 2018 was \$38,471,914 (excluding the State on-behalf pension contribution). The School Department budget for fiscal year ending June 30, 2019 is \$39,781,053. The cost per student is \$15,767 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

The Town has four elementary schools (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>
2009	2,555
2010	2,504
2011	2,470
2012	2,407
2013	2,410
2014	2,367
2015	2,382
2016	2,387
2017	2,395
2018	2,440

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	4,865	5,582
Commercial	353	2,795
Industrial	24	398
Total	<u>5,242</u>	<u>8,775</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, 2018 residential users were charged a flat rate of \$345 per unit for the year.

In fiscal year ended June 30, 2013, 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 \$7.4 million dollars in capital improvements that were recently performed at the sewer plant which were financed through the Rhode Island Infrastructure Bank.

SANITATION

Weekly rubbish and garbage collection is provided by the Town through the use of private contractors. For the fiscal year ended June 30, 2018, the Public Works Department expended \$1,029,085 for these services. For the fiscal year ending June 30, 2019 the approved budget is \$992,000.

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, 2018 totaled \$3,784,850 (including \$211,833 of capital outlays, net of sanitation) and budgeted \$3,824,382 (including \$243,750 of capital outlays) for fiscal year ending June 30, 2019.

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 42 full-time police officers and 1 auxiliary officer. In addition, there are 12 civilian full-time and 12 civilian part-time employees of support personnel including dispatchers. The Police Department expended \$9,319,997 (including \$200,349 of capital outlays) for fiscal year ended June 30, 2018 and budgeted \$9,466,047 (including \$167,827 of capital outlays) for fiscal year ending June 30, 2019.

The Fire Department has 3 fire stations staffed by 53 full-time fire fighters and support personnel of 5 full-time employees. The Fire Department expended \$8,467,058 (including \$200,349 of capital outlays) for fiscal year ended June 30, 2018 and budgeted \$8,108,450 (including \$165,000 of capital outlays) for fiscal year ending June 30, 2019.

PUBLIC LIBRARIES

There are two public libraries in Town, the Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2018 the combined allocation from the Town was \$1,374,433 and budgeted \$1,414,008 for the fiscal year ending June 30, 2019.

EMPLOYEE RELATIONS

The Town of Smithfield currently employs 174 full-time employees exclusive of those employed by the School Department. The School Department employs 229.9 certified employees and 102.0 full-time and part-time non-certified employees.

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

Police Department	3 year contract expires June 30, 2019
Fire Department	3 year contract expires June 30, 2019
Police Civilian Employees	3 year contract expires June 30, 2020
Public Works Employees	3 year contract expires June 30, 2020
Town Hall Employees	3 year contract expires June 30, 2020
Teachers	3 year contract expires August 31, 2020
Custodians	3 year contract expires June 30, 2019
Teacher Para-Professionals & Clerical Employees	3 year contract expires June 30, 2021

DEBT ADMINISTRATION

The ratio of net bonded debt to net 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, 2018 is as follows:

		RATIO OF NET BONDED DEBT TO NET ASSESSED VALUE	DEBT PER CAPITA
	AMOUNT		
Net Bonded Debt	\$21,365,000	0.80%	\$1,055

The Town's bond ratings as of June 30, 2018 are as follows:

- Moody's: Aa2
- S & P: AA

LONG-TERM FINANCIAL PLANNING

The Town Council has continued to support Capital Improvements and Projects. The fiscal year 2019 budget includes an appropriation of \$1,521,137 for the following projects: various town building improvements, equipment replacement, plow truck replacements, police vehicles, parking area rehab, school department capital, and bridge and culvert improvements. The Town uses a combination of capital reserve funds, police and fire capital funds, and tax dollars to fund these capital improvements.

The Town Charter calls for a six-year Capital Improvements Program (CIP) bi-annually in odd-numbered years. The CIP is a multi-year planning instrument used by the Town to identify needed capital projects and to coordinate financing and scheduling of major capital equipment and improvements in a way that maximizes the return to the public. Selection and scheduling is based on adherence to community goals, capital needs priorities, the Comprehensive Plan and the Town's fiscal capabilities.

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, 2017. This was the tenth consecutive year that the government has achieved this prestigious award. 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.

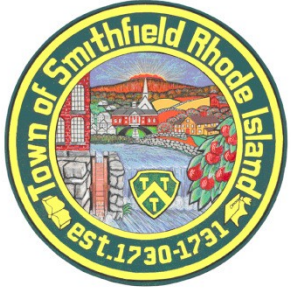
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of the efforts and dedication of the competent staff of the Department of Finance. It is a pleasure to work with such a dedicated staff, and I would like to personally thank the Town Controller and her dedication for helping us achieve this level of excellence. I would also like to thank my staff, and all Town Department Heads and their staff who assisted in the preparation of this report. Also, I would like to thank the Financial Review Commission 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,

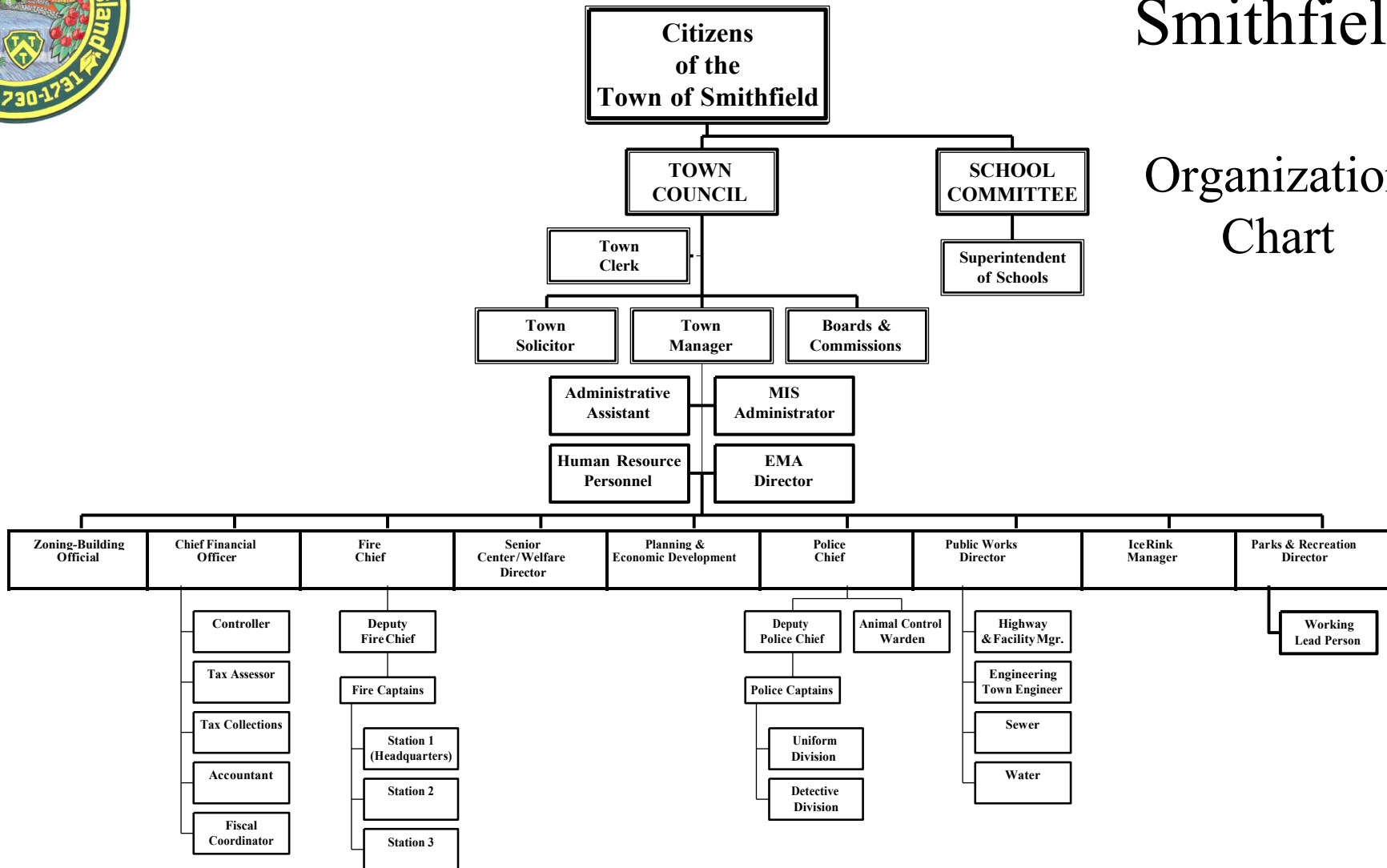
A handwritten signature in black ink, appearing to read 'R. R. Rossi', written in a cursive style.

Randy R. Rossi
Town Manager



Town of Smithfield

Organization Chart



TOWN OF SMITHFIELD, RHODE ISLAND

June 30, 2018

TOWN COUNCIL

Paul M. Santucci, President
Alberto J. LaGreca, Jr., Vice-President

Suzanna L. Alba
Maxine A. Cavanagh
T. Michael Lawton

TOWN MANAGER

Randy R. Rossi, MBA, CGFM

DEPARTMENT DIRECTORS

Animal Control Warden	Thomas B. Taylor
Building Official	James Cambio, CBO
Emergency Management Director	Todd S. Manni
Engineer	Kevin Cleary
Finance Director / Treasurer	Randy R. Rossi, MBA, CGFM
Fire Chief	Robert W. Seltzer
Human Resources / Personnel	Susan M. Pilkington
Library Director (East Smithfield)	Elodie E. Blackmore
Library Director (Greenville)	Dorothy Swain
Planning and Economic Development Director	Michael A. Phillips
Police Chief	Richard P. St. Sauveur
Public Works Director / Water Superintendent	Gene Allen
Ice Rink Director	Thomas J. Tullie
Parks and Recreation Director	Robert Caine
School Superintendent	Dr. Judith Paolucci
Senior Center / Human Services Director	Karen L. Armstrong
Tax Assessor	Drew Manlove
Town Clerk	Carol A. Aquilante
Town Solicitor	Patricia A. Buckley, Esq.



Government Finance Officers Association

**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, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF SMITHFIELD

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

To the Town Council and
Town Manager
Town of Smithfield, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the required schedules related to pension and OPEB plans, on Pages 4 through 17, Pages 94 through 99, and Pages 100 through 119, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smithfield, Rhode Island's financial statements. The introductory section, combining and individual nonmajor fund financial statements, combining balance sheet and schedule of revenues, expenditures, and changes in fund balances for funds which comprise the Town's General fund, schedule of property taxes receivable, annual supplemental transparency report (MTP2), combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform of Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements, combining balance sheet and schedule of revenues, expenditures, and changes in fund balances for funds which comprise the Town's General fund, schedule of property taxes receivable, annual supplemental transparency report (MTP2), combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, combining balance sheet and schedule of revenues, expenditures, and changes in fund balances for funds which comprise the Town's General fund, schedule of property taxes receivable, annual supplemental transparency report (MTP2), combining schedule of reportable governmental services with reconciliation to MTP2 municipal and education department, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Town of Smithfield, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Smithfield, Rhode Island's internal control over financial reporting and compliance.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information for the proprietary funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of Smithfield, Rhode Island's financial statements for the year ended June 30, 2017, from which the partial information was derived.

Robert J. Civetti, CPA, LLC

Johnston, Rhode Island
December 28, 2018

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the Town of Smithfield, we offer readers of the Town of Smithfield's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The liabilities and deferred inflow of resources for the Town of Smithfield exceeded its assets and deferred outflow of resources at the close of the fiscal year ended June 30, 2018 by (\$33,802,293) (net position). The net position at June 30, 2017 was (\$35,242,506). The increase in net position from fiscal 2017 was primarily the result of debt retirements and decrease in net pension liability.
- ❖ The government's total net position increased by \$1,440,213. The increase is primarily attributable to the recognition of actuarial assumption changes and plan experience related to the Pension Plans. The changes in net pension assets, liabilities, and the related deferred inflows and outflows of resources resulted in an increase in net position of approximately \$2,060,000 for fiscal 2018. Depreciation expense included in the governmental activities in the statement of activities totaled \$2,436,198, for fiscal 2018.
- ❖ As of the close of the fiscal year, the Town of Smithfield's governmental funds reported combined ending fund balances of \$24,679,226. Approximately 15.6% of this amount, \$3,846,978 is unassigned and available for use at the government's discretion.
- ❖ The remaining fund balance of \$20,832,248 includes \$1,568,076 in non-spendable funds, \$1,731,413 in restricted funds, \$15,260,326 in committed funds, and \$2,272,433 in assigned funds.
- ❖ At the end of the current fiscal year, the General Funds unassigned fund balance was \$5,111,036, or 14.9% of the total General Fund expenditures (excludes transfers to other funds including the school department) for the fiscal year. The General Fund's current fiscal year's expenditures and transfers exceeded revenues and transfers by (\$582,256) utilizing the GAAP basis of accounting. The Town budgeted use of fund balance in the amount of \$600,000 for the fiscal year ended June 30, 2018.
- ❖ On a budgetary basis of accounting, the Town's General Fund reported an excess of revenues and other financing sources over expenditures and other financing uses in the amount of \$399,244, for the fiscal year ended June 30, 2018.
- ❖ The School Department's Unrestricted Fund reported a change in fund balance of (\$130,223) for the fiscal year ended June 30, 2018. The School Department budgeted use of fund balance totaling \$295,743, for fiscal 2018. As a result, on a budgetary basis of accounting the School Department reported an excess of revenue and other financing sources over expenditures and other financing uses of \$165,520.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Smithfield'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 Position* presents information on all of the Town's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information which shows how the Town's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Examples are uncollected taxes and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the Town of Smithfield, 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, public safety, public works, public health and assistance, public libraries, education, recreation and senior activities, and interest on long-term debt. The business-type activities of the Town include the Sewer Authority, Water Supply Board, Ice Rink, and School Lunch Program.

The government wide financial statements are reported on Pages 18 through 19.

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 of Smithfield, 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 (Pages 20-23) 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.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 of Smithfield 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 and the School Special Revenue Unrestricted 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 of Smithfield's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has four 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.

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, Smithfield Water Supply Board, Smithfield Ice Rink, and School Lunch Fund.

The proprietary fund financial statements are presented on Pages 24 through 27.

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 of Smithfield's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on Pages 28 and 29.

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 30 through 93.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the Town of Smithfield's operations. Required Supplementary information is presented on Pages 94 through 119.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented on Pages 120 through 134.

Government-wide Financial Analysis

As noted earlier, over time net position 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. In the case of the Town of Smithfield, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$33,802,293) as of June 30, 2018, an overall increase of \$1,440,213.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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

TOWN OF SMITHFIELD, RHODE ISLAND
NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 32,189,480	\$ 34,013,794	\$ 7,756,651	\$ 7,485,078	\$ 39,946,131	\$ 41,498,872
Capital assets, net of accumulated depreciation	48,851,635	48,339,663	19,783,682	20,690,653	68,635,317	69,030,316
Total Assets	<u>81,041,115</u>	<u>82,353,457</u>	<u>27,540,333</u>	<u>28,175,731</u>	<u>108,581,448</u>	<u>110,529,188</u>
Deferred outflows of resources	<u>16,833,069</u>	<u>15,849,375</u>	<u>-</u>	<u>-</u>	<u>16,833,069</u>	<u>15,849,375</u>
Current liabilities	6,144,187	5,500,994	845,677	797,437	6,989,864	6,298,431
Long-term liabilities Outstanding	129,816,029	135,040,172	6,469,856	6,988,750	136,285,885	142,028,922
Total Liabilities	<u>135,960,216</u>	<u>140,541,166</u>	<u>7,315,533</u>	<u>7,786,187</u>	<u>143,275,749</u>	<u>148,327,353</u>
Deferred inflows of resources	<u>15,941,061</u>	<u>13,293,716</u>	<u>-</u>	<u>-</u>	<u>15,941,061</u>	<u>13,293,716</u>
Net Position						
Net Investment in Capital Assets	27,650,381	25,498,777	13,796,704	14,238,797	41,447,085	39,737,574
Unrestricted	<u>(81,677,474)</u>	<u>(81,130,827)</u>	<u>6,428,096</u>	<u>6,150,747</u>	<u>(75,249,378)</u>	<u>(74,980,080)</u>
Total Net Position	<u>\$ (54,027,093)</u>	<u>\$ (55,632,050)</u>	<u>\$ 20,224,800</u>	<u>\$ 20,389,544</u>	<u>\$ (33,802,293)</u>	<u>\$ (35,242,506)</u>

By far the largest portion of the Town's net position \$41,447,085 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire these assets that are 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 cannot be used to liquidate these liabilities.

The unrestricted net position of (\$75,249,378), a decrease of 0.36% from the prior year, is the change in resources available to fund Town programs to residents and debt obligations to creditors. The negative unrestricted net position is primarily the result of the Town's unfunded pension and OPEB liabilities.

The Town's net position increased by \$1,440,213 during the current fiscal year. The increase is primarily attributable to the recognition of actuarial assumption changes and plan experience related to the Pension Plans. The increase in net position for fiscal 2018 was comprised of an increase in governmental activities for \$1,604,957 and a decrease in business-type activities totaling (\$164,744).

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Net Position summary presentation:

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and net investments in capital assets.

Governmental Activities – Statements of Net Position

The category of “Current and Other Assets” was \$32,189,480 at June 30, 2018. This category consisted primarily of “Cash and cash equivalents” of \$18,932,673, “Accounts receivable” of \$2,802,604, which is made up of “Tax receivable” of \$2,384,746 and “Other receivables” of \$417,858, and “Net Pension Asset” of \$3,061,131. “Cash on deposit with funding agency” of \$827,019, which are School Improvement Bond Funds that are being held by the funding agency, “Investments” of \$5,226,803, and “Due from federal and state governments” of \$494,675.

“Deferred Outflow of Resources” was \$16,833,069 at June 30, 2018 and was comprised of \$16,105,336 of “Deferred outflows related to pension plan obligations”, \$659,548 of “Deferred outflows related to OPEB plan obligations”, and \$68,185 from deferred charge for refunding.

Current liabilities of \$6,144,187 consisted primarily of \$3,774,187 of “Accounts payable and accrued expenses” and \$775,000 of “Current portion of compensated absences” and \$1,595,000 of “Current portion of bonds and other debt obligations”.

The long-term liabilities outstanding at fiscal year-end were \$129,816,029, composed primarily of \$63,906,072 in Net Pension Liability, \$41,138,385 in post-retirement benefit obligations, \$20,433,273 in general obligation bonds and leases payable (used to fund various capital projects such as school construction and improvements, road improvements, and land trust purchases), and \$4,338,299 in compensated absences.

“Deferred Inflow of Resources” of \$15,941,061 related to the pension plan and OPEB plan.

Total net position at June 30, 2018 was (\$54,027,093) and was comprised of unrestricted of (\$81,677,474) and “Net Investments in Capital Assets” of \$27,650,381.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Business-Type Activities – Statements of Net Position

For business-type activities, such as the Sewer Enterprise Fund, "Current and Other Assets" of \$7,756,651 consisted primarily of \$6,770,067 in "Cash and cash equivalents" which was available to support the current operations of the Enterprise Funds, "Restricted cash" of \$584,323, "Accounts receivable" of \$718,550, "Assessment fees" of \$307,253, and "Internal balances" of (\$660,762).

Current liabilities of \$845,677 consisted primarily of \$259,564 of "Accounts payable and accrued expenses", \$85,663 of "Unearned revenue, assessments, and fees", \$35,000 of "Current portion of compensated absences" and \$465,450 of "Current portion of bonds and other debt obligations".

Long-term liabilities of \$6,469,856 were comprised primarily of \$6,105,851 of "General obligation bonds and other debt, net", which represents the non-current portion of long-term liabilities, primarily general obligation bonds used to finance capital operations of the Sewer Plan as well as SRF (state revolving fund) loans from the Rhode Island Infrastructure Bank, \$272,505 of "Unearned revenue, assessments, and fees" and \$91,500 in compensated absences.

The total net position for the Business-type Activities as of June 30, 2018 was \$20,224,800. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$13,796,704 and \$6,428,096 was designated "Unrestricted".

Changes in Net Position

Governmental Activities - Net position for governmental activities increased by \$1,604,957 for the current period, which is an overall increase of 2.88%.

Charges for services decreased by \$244,762 (6.22%) primarily because of a decrease in program revenues that the Fire Rescue Services and Fire Plan Review recognized during the fiscal year. Property taxes increased by \$1,373,751 (2.42%) during the fiscal which was the product of additional taxable value generated throughout town and continued collection efforts for both current and delinquent taxes. Operating grants and contributions recognized an increase of \$2,373,335 (24.76%) primarily due to CDBG grants and increases in the School on-behalf pension expenses paid by the State.

The net change in fund balance for the fiscal year ended June 30, 2018 was a decrease of (\$1,629,330) for the Town's governmental fund types. The decrease in fund balance was due mainly to the spending of bond proceeds for the Police Station Expansion and Renovation Project, transfers from the Capital Reserve and Municipal Contingency funds, as well as use of Re-appropriated Unexpended Balances (RUBS) in the General Fund.

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 23.

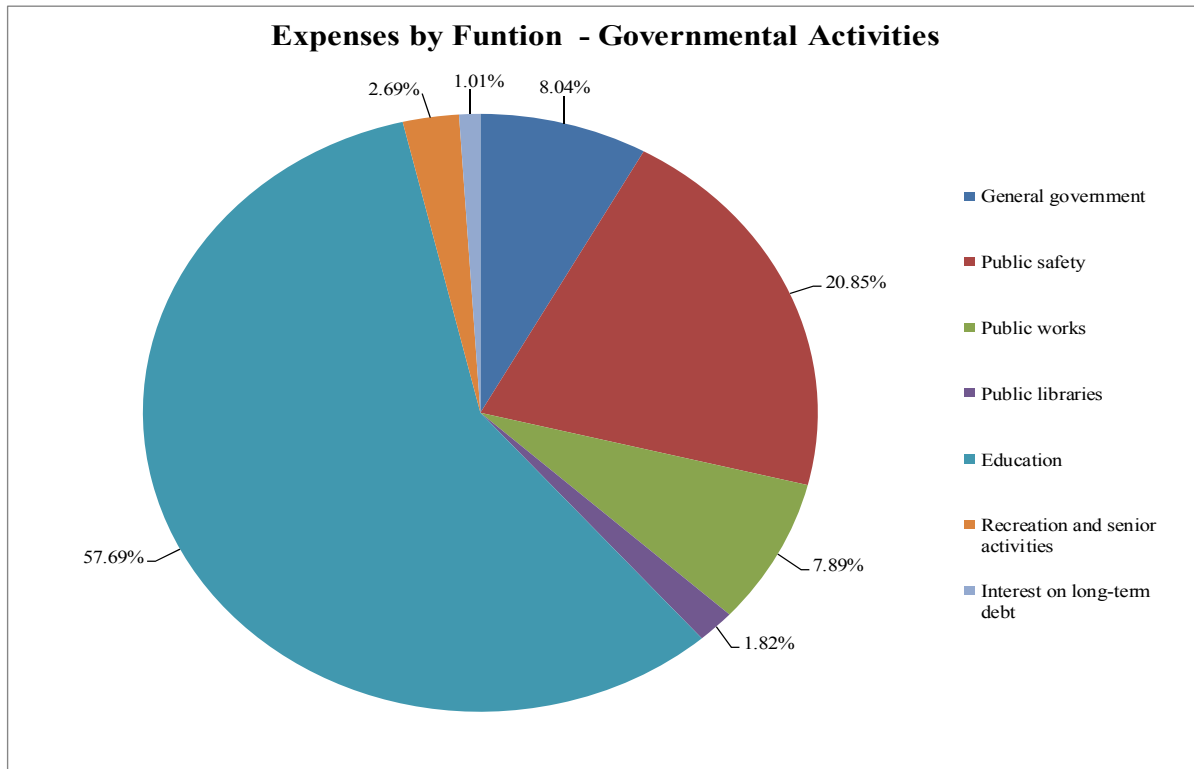
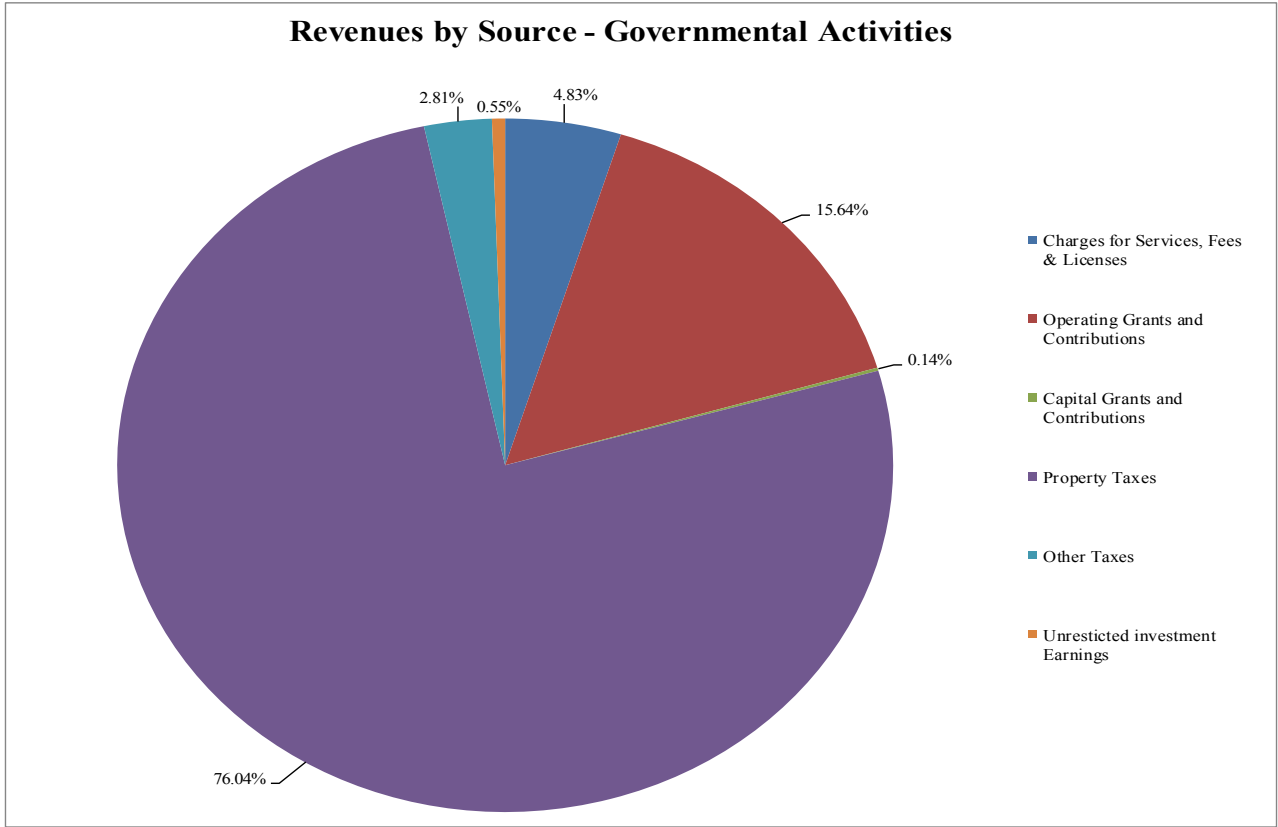
The following presents the Changes in Net Position for the current year's activity.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

TOWN OF SMITHFIELD, RHODE ISLAND
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2018	2017	Change	2018	2017	Change
Revenues						
Program revenues						
Charges for services	\$ 3,691,744	\$ 3,936,506	\$ (244,762)	\$ 5,941,229	\$ 5,705,061	\$ 236,168
Operating grants and contributions	11,960,468	9,587,133	2,373,335	176,182	176,704	(522)
Capital grants and contributions	107,501	26,079	81,422	-	-	-
General revenues						
Property taxes	58,167,710	56,793,959	1,373,751	-	-	-
Unrestricted investment earnings	419,070	346,587	72,483	54,686	35,231	19,455
Miscellaneous	2,150,078	1,458,474	691,604	-	-	-
Total Revenues	<u>76,496,571</u>	<u>72,148,738</u>	<u>4,347,833</u>	<u>6,172,097</u>	<u>5,916,996</u>	<u>255,101</u>
Expenses						
General government	6,057,484	8,144,022	(2,086,538)			-
Public safety	15,702,545	16,214,772	(512,227)			-
Public works	5,946,232	6,530,032	(583,800)			-
Education	43,456,074	39,839,753	3,616,321			-
Recreation and senior activities	2,023,191	1,822,960	200,231			-
Public health & assistance	-	5,938	(5,938)			-
Community development	-	-	-			-
Public libraries	1,374,433	1,321,571	52,862			-
Interest on long-term debt	761,655	824,421	(62,766)			-
Sewer Authority	-	-	-	3,291,898	3,261,790	30,108
Water Supply Board	-	-	-	1,333,566	1,430,372	(96,806)
Smithfield Ice Rink	-	-	-	699,730	716,387	(16,657)
School Lunch Program	-	-	-	581,647	509,384	72,263
Total Expenses	<u>75,321,614</u>	<u>74,703,469</u>	<u>618,145</u>	<u>5,906,841</u>	<u>5,917,933</u>	<u>(11,092)</u>
Increase (Decrease) in Net Position						
before transfers	1,174,957	(2,554,731)	3,729,688	265,256	(937)	266,193
Transfers	430,000	150,000	280,000	(430,000)	(150,000)	(280,000)
Increase (Decrease) in Net Position	<u>1,604,957</u>	<u>(2,404,731)</u>	<u>4,009,688</u>	<u>(164,744)</u>	<u>(150,937)</u>	<u>(13,807)</u>
Net Position - beginning	(55,632,050)	(53,227,319)	(2,404,731)	20,389,544	20,540,481	(150,937)
Cumulative effect to implement GASB 75	-	-	-	-	-	-
Net Position - ending	<u>\$ (54,027,093)</u>	<u>\$ (55,632,050)</u>	<u>\$ 1,604,957</u>	<u>\$ 20,224,800</u>	<u>\$ 20,389,544</u>	<u>\$ (164,744)</u>

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018



TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Education expenses account for approximately 57.69% of the total expenses within the governmental funds of the Town of Smithfield. Public safety and General government expenses account for approximately 20.85% and 8.04%, respectively of the total expenses for the 2018 fiscal year. Major expense factors include:

- Governmental activities expenses increased by \$618,145 from \$74,703,469 to \$75,321,614. The increase was largely generated from an increase in Education expenditures of \$3,616,321 due to increased State on-behalf pension contributions. Recreation and Senior Activities recognized an increase of \$200,231. General government expenditures decreased by \$2,086,538 due to changes in benefit allocations to align with the State Transparency Portal reporting requirements.
- Public Safety saw a decrease in expenditures by (\$512,227) from \$16,214,772 to \$15,702,545 due to a reduction of operating costs and overall conservative spending during the fiscal year.
- Interest on long term debt decreased by \$62,766 due to decreased interest costs as bonded debt matures.

Business-type Activities – Net position in business-type activities decreased by (\$164,744) resulting in a 0.81% decrease in business-type net position.

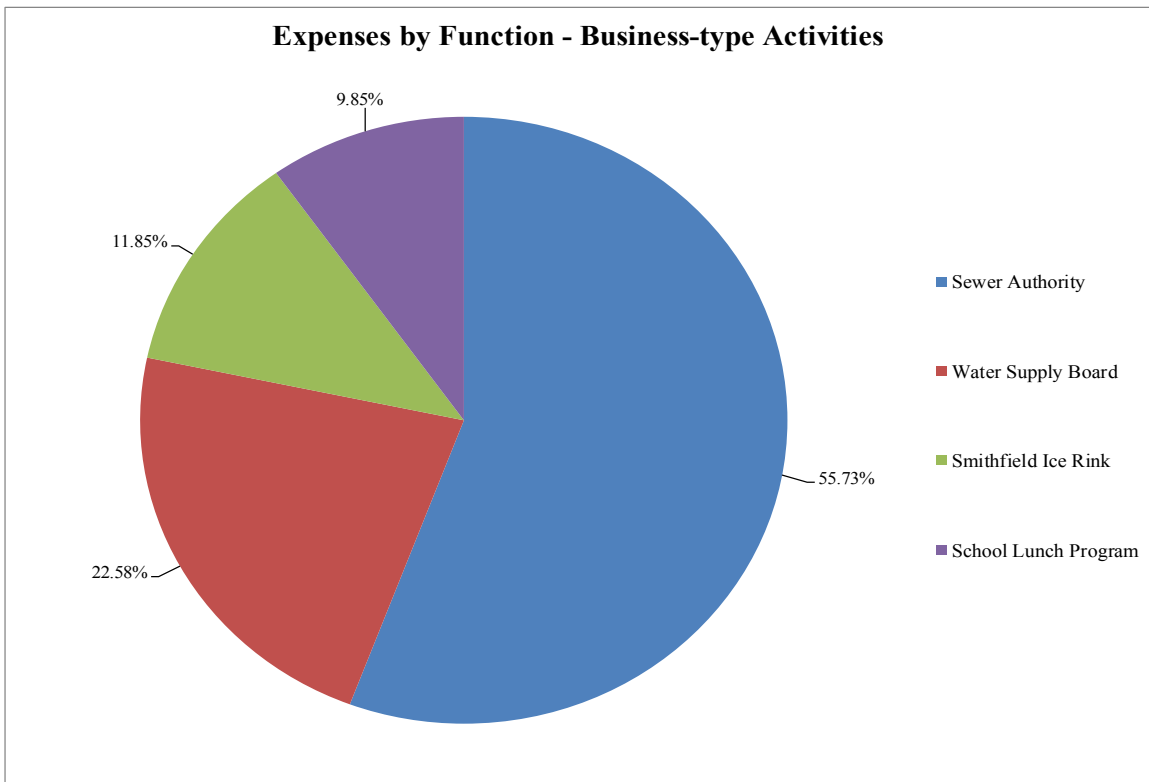
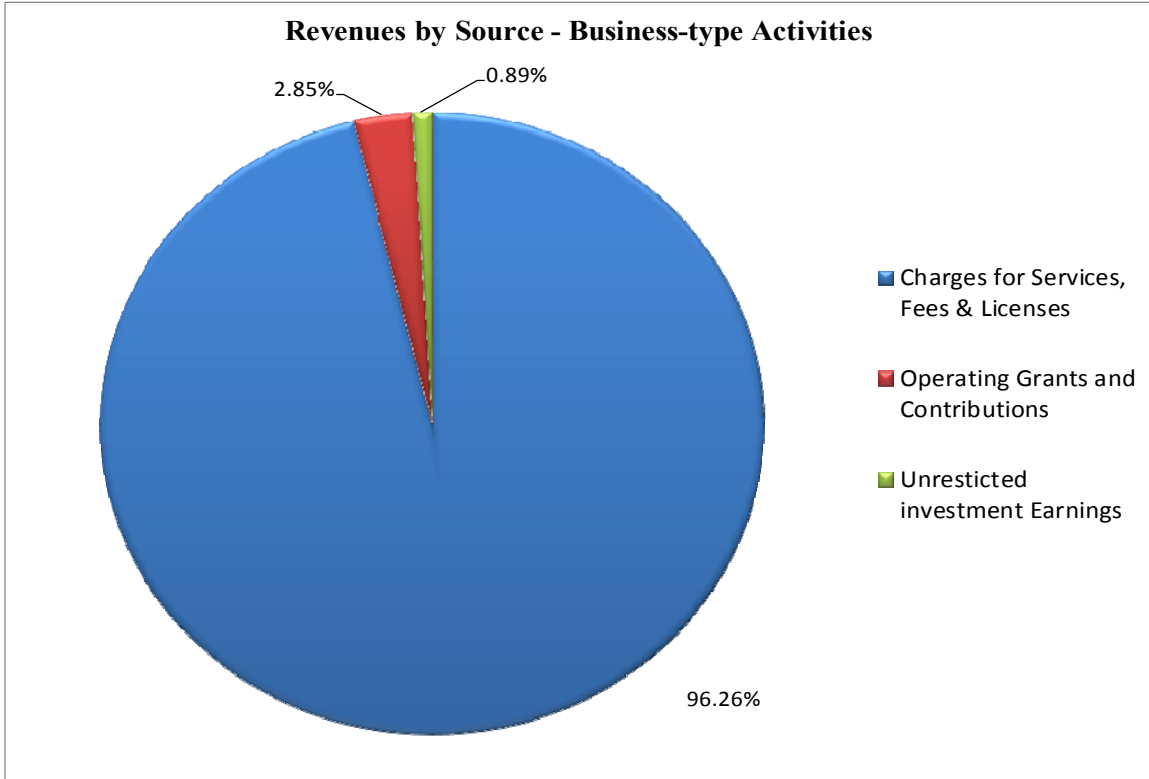
Charges for services for business-type activities accounted for 96.26% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions of 2.85%, and investment earnings of 0.89%.

Sewer authority expenses account for approximately 55.73% of the total expenditures within the business-type activities of the Town. Water Supply Board, Ice Rink, and School Lunch Program expenses account for approximately 22.58%, 11.85%, and 9.85%, respectively of the total business-type activities expenditures for the 2018 fiscal year.

Charges for service for business-type activities increased by \$236,168 from \$5,705,061 to \$5,941,229. The Sewer Authority fund had an increase of \$70,380. Charges for services in the Water Supply Board increased by \$207,442, while the School Lunch Programs fund decreased by (\$11,431). The Ice Rink recognized a decrease of (\$30,223) which was due primarily to a decrease in rental rates for the high school teams. Unrestricted investment earnings increased from \$35,231 to \$54,686 for all business-type activities. The slight increase in interest earned on investments was due to new investment opportunities and interest rates starting to climb during the fiscal year.

Expenses in the Sewer Authority fund increased by \$30,108 during the fiscal year. Water Supply expenses decreased by (\$96,806) during the fiscal year due primarily to cost control measures, while the Ice Rink fund experienced a slight decrease of (\$16,657) versus the prior year. The School Lunch Program fund recognized an increase in expenditures of \$72,263 due to an increase in the cafeteria operating costs.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018



TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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 \$24,679,226. Approximately 15.6% of the total amount, or \$3,846,978 constituted unassigned fund balances. The remainder of the fund balance is non-spendable, restricted, committed or assigned for future commitments or designated for specific purposes. The fund balance in the General Fund decreased due to a positive variance of expenditures in excess of revenues of (\$582,256), while the fund balance in the School Unrestricted Fund decreased by (\$130,223) due to various benefit and purchased services costs.

For a more detailed review of changes in fund balances, see the statement of revenues, expenditures and changes in fund balances on Page 22.

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 position in the Sewer Authority at the end of the fiscal year amount to \$4,089,478, a decrease of \$14,457. Unrestricted net position in the Water Supply increased by \$273,321 for a total of \$1,644,509. The Ice Rink finished the year with an unrestricted net position of \$638,637, which was an increase in value of \$78,094. The School Lunch Program recognized a decrease in unrestricted net position by \$59,609 to \$55,472.

General Fund Budgetary Highlights

For the year ended June 30, 2018, the General Fund revenues and transfers were over budget projections by \$622,692, or 0.86%. General Fund expenditures were over budget by (\$223,448), or 0.29%. This resulted in a \$399,244 budgetary surplus in the General Fund for the year ended June 30, 2018. See details on Pages 94 through 97.

Revenues:

Intergovernmental revenues - were over budget by \$890,157 due to an increase in State Motor Vehicle aid from Article 11, Motor Vehicle Phase-out, as well as conservative budgeting for state aid revenues based on the Governor's Budget.

License, fees and permits - were over budget by \$191,471 due to an unanticipated increase in the quantity of building permit fees and recording fees collected.

Interest Income revenues – were over budget by \$44,568 due to increased delinquent tax collections and higher investment returns than expected.

Other funding sources - were under budget by \$170,000 due to the availability of other revenue sources and the lack of need to transfer amounts from other funds.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Expenditures:

Public Safety - was over budget by \$563,453 due to overtime costs for covering long-term vacancies, as well as increased benefit costs.

Public Works – was under budget by \$202,666 due to unfilled positions in the department.

Town Miscellaneous - was over budget by \$743,268 due to capital expenditures from prior reserves.

Municipal Capital Improvements – was under budget by \$410,714 due to time constraints in being able to complete projects during the fiscal year and the need for large scale projects to be completed over multiple fiscal years.

The Town of Smithfield's Capital Assets

The Town of Smithfield's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$68,635,317 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 15,488,672	\$ 15,488,672	\$ 270,688	\$ 270,688	\$ 15,759,360	\$ 15,759,360
Construction in progress	634,554	6,375,400	-	560,536	634,554	6,935,936
Land improvements	-	-	2,013	2,188	2,013	2,188
Buildings and improvements	20,865,135	15,734,934	7,640,587	7,746,967	28,505,722	23,481,901
Equipment	1,833,750	1,336,053	5,110,287	5,144,156	6,944,037	6,480,209
Vehicles	1,055,201	1,138,059	6,747,963	6,946,689	7,803,164	8,084,748
Infrastructure	8,974,323	8,266,545	12,144	19,430	8,986,467	8,285,975
Total	\$ 48,851,635	\$ 48,339,663	\$ 19,783,682	\$ 20,690,654	\$ 68,635,317	\$ 69,030,317

Additional information on the Town of Smithfield's capital assets is located in "Note 6" of the notes to the financial statements on Pages 51 and 52.

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 \$22,028,273, including premium on bond issuance of \$803,273. 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
Management's Discussion and Analysis
For the Year Ended June 30, 2018

TOWN OF SMITHFIELD, RHODE ISLAND
Bonds, Notes, and Lease Purchase Obligations

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ 22,028,273	\$ 23,660,012	\$ 6,571,301	\$ 7,031,751	\$28,599,574	\$30,691,763
Lease purchase obligations & leases	-	-	-	-	-	-
Total	<u>\$ 22,028,273</u>	<u>\$ 23,660,012</u>	<u>\$ 6,571,301</u>	<u>\$ 7,031,751</u>	<u>\$28,599,574</u>	<u>\$30,691,763</u>

Note 8, Pages 53 through 56 provides additional information on the Town's long-term debt obligations.

The Town's general obligation bond rating as reaffirmed by Moody's Investors Service in August of 2016 is Aa2 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 approximately \$82,652,000 at year-end, based upon a net assessed value of \$2,755,071,181. The Town's outstanding governmental activities general obligation debt is \$22,028,273 and business-type activity general obligation debt of \$140,000 at year-end, of which only \$140,000 is subject to the legal debt margin. See Schedule 12 on Page 158 (Statistical Section) for a further explanation of debt subject to the margin.

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 June 2018 the median sale price for single family homes in Smithfield was \$288,200 and the median price of all sales was \$264,500.

POPULATION

In 2010 Smithfield was ranked 17th 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 populations from 1970 through 2010.

Population in the Town from 1950 to 2010 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
2010	21,430

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Economic Factors and Next Year's Budgets and Rates

Smithfield is known as the Apple Valley for orchards. In the 20th century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 71.93% of the tax base, commercial and industrial account for 17.03%, tangible taxes account for 5.23%, while motor vehicles account for 5.81% of the tax base.

The Town of Smithfield's total general fund budget for fiscal year 2019 amounts to \$74,502,662 which reflects an increase of \$2,217,143 or 3.07% above the fiscal year 2018 budget of \$72,285,519. Of the Town's 2019 budget, \$39,781,053 or 53.4% is budgeted for education expenditures.

The State of Rhode Island is budgeted to contribute \$7,714,245 to the Town's education department based on State Aid in fiscal 2019.

The Town's residential tax rate for fiscal year 2019 is \$17.56 per \$1,000 of assessed value and commercial tax rate of \$18.40 per \$1,000 of assessed value with 47.0% allocated for general government and 53.0% allocated for education. For fiscal year 2018 the Town's residential tax rate is \$17.56 per \$1,000 of assessed value and commercial tax rate of \$18.40 per \$1,000 of assessed value with 47.1% allocated for general government and 52.9% 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
Town Manager

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TOWN OF SMITHFIELD

BASIC FINANCIAL STATEMENTS



Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	18,932,673	\$ 6,770,067	\$ 25,702,740
Cash on deposit with funding agency	827,019	-	827,019
Restricted cash	-	584,323	584,323
Investments	5,226,803	-	5,226,803
Accounts receivable	2,802,604	718,550	3,521,154
Internal balances	660,762	(660,762)	-
Due from federal and state governments	494,675	-	494,675
Inventory	-	37,220	37,220
Prepays	183,813	-	183,813
Total Current Assets	29,128,349	7,449,398	36,577,747
Noncurrent Assets:			
Net pension asset	3,061,131	-	3,061,131
Assessment fees	-	307,253	307,253
Capital assets not being depreciated	16,123,226	270,688	16,393,914
Capital assets, net of accumulated depreciation	32,728,409	19,512,994	52,241,403
Total Noncurrent Assets	51,912,766	20,090,935	72,003,701
TOTAL ASSETS	81,041,115	27,540,333	108,581,448
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	68,185	-	68,185
Deferred outflows related to OPEB plan obligations	659,548	-	659,548
Deferred outflows related to pension plan obligations	16,105,336	-	16,105,336
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,833,069	-	16,833,069
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued expenses	3,774,187	259,564	4,033,751
Unearned revenue, assessments, and fees	-	85,663	85,663
Current portion of compensated absences	775,000	35,000	810,000
Current portion of bonds and other debt obligations	1,595,000	465,450	2,060,450
Total Current Liabilities	6,144,187	845,677	6,989,864
Noncurrent Liabilities:			
Compensated absences	4,338,299	91,500	4,429,799
Unearned revenue, assessments, and fees	-	272,505	272,505
Net OPEB liability	41,138,385	-	41,138,385
Net pension liability	63,906,072	-	63,906,072
General obligation bonds and other debt, net	20,433,273	6,105,851	26,539,124
Total Noncurrent Liabilities	129,816,029	6,469,856	136,285,885
TOTAL LIABILITIES	135,960,216	7,315,533	143,275,749
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pension plan obligations	13,741,400	-	13,741,400
Deferred inflows related to OPEB plan obligations	2,199,661	-	2,199,661
TOTAL DEFERRED INFLOWS OF RESOURCES	15,941,061	-	15,941,061
NET POSITION			
Net investment in capital assets	27,650,381	13,796,704	41,447,085
Unrestricted	(81,677,474)	6,428,096	(75,249,378)
TOTAL NET POSITION	\$ (54,027,093)	\$ 20,224,800	\$ (33,802,293)

TOWN OF SMITHFIELD, RHODE ISLANDStatement of Activities
For the Year Ended June 30, 2018

<i>Functions/Programs:</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 6,057,484	\$ 1,490,992	\$ 22,954	\$ -	\$ (4,543,538)		\$ (4,543,538)
Public safety	15,702,545	1,804,349	265,233	7,501	(13,625,462)		(13,625,462)
Public works	5,946,232	-	-	100,000	(5,846,232)		(5,846,232)
Public health and assistance	-	-	5,560	-	5,560		5,560
Public libraries	1,374,433	-	-	-	(1,374,433)		(1,374,433)
Education	43,456,074	380,780	10,484,062	-	(32,591,232)		(32,591,232)
Recreation and senior activities	2,023,191	15,623	673,461	-	(1,334,107)		(1,334,107)
Interest on long-term debt	761,655	-	509,198	-	(252,457)		(252,457)
Total governmental activities	75,321,614	3,691,744	11,960,468	107,501	(59,561,901)		(59,561,901)
Business-type activities:							
Sewer Authority	3,291,898	3,208,751	-	-	-	\$ (83,147)	(83,147)
Water Supply Board	1,333,566	1,713,663	-	-	-	380,097	380,097
Smithfield Ice Rink	699,730	679,316	-	-	-	(20,414)	(20,414)
School Lunch Program	581,647	339,499	176,182	-	-	(65,966)	(65,966)
Total business-type activities	5,906,841	5,941,229	176,182	-	-	210,570	210,570
Total	\$ 81,228,455	\$ 9,632,973	\$ 12,136,650	\$ 107,501	(59,561,901)	210,570	(59,351,331)
General revenues:							
Property taxes					58,219,004	-	58,219,004
Motor vehicle phase-out taxes					853,791	-	853,791
Telephone taxes and general state aid					268,766	-	268,766
Hotel, meals, and beverage tax					976,227	-	976,227
Unrestricted investment earnings					419,070	54,686	473,756
Transfers					430,000	(430,000)	-
Total general revenues and transfers					61,166,858	(375,314)	60,791,544
Change in Net Position					1,604,957	(164,744)	1,440,213
Net Position - beginning of year					(55,632,050)	20,389,544	(35,242,506)
Net Position - ending of year					\$ (54,027,093)	\$ 20,224,800	\$ (33,802,293)

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

TOWN OF SMITHFIELD, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 14,650,559	\$ 296,259	\$ 3,985,855	\$ 18,932,673
Cash on deposit with funding agency	-	-	827,019	827,019
Investments	5,226,803	-	-	5,226,803
Taxes receivable, net	2,384,746	-	-	2,384,746
Other receivables, net	220,919	16,199	180,740	417,858
Due from federal and state governments	-	42,485	452,190	494,675
Prepaid expenditures	-	183,813	-	183,813
Due from other funds	1,757,509	2,525,772	4,063,195	8,346,476
TOTAL ASSETS	\$ 24,240,536	\$ 3,064,528	\$ 9,508,999	\$ 36,814,063
LIABILITIES:				
Accounts payable	\$ 1,026,336	\$ 514,006	\$ 97,015	\$ 1,637,357
Accrued liabilities	1,142,839	761,162	33,329	1,937,330
Retainage payable	-	-	-	-
Due to other funds	5,774,794	-	1,910,920	7,685,714
TOTAL LIABILITIES	7,943,969	1,275,168	2,041,264	11,260,401
DEFERRED INFLOW OF RESOURCES:				
Unavailable tax and fee revenue	715,825	-	158,611	874,436
FUND BALANCE:				
Non-Spendable	1,384,263	183,813	-	1,568,076
Restricted	-	-	1,731,413	1,731,413
Committed	6,813,010	1,605,547	6,841,769	15,260,326
Assigned	2,272,433	-	-	2,272,433
Unassigned	5,111,036	-	(1,264,058)	3,846,978
TOTAL FUND BALANCE	15,580,742	1,789,360	7,309,124	24,679,226
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 24,240,536	\$ 3,064,528	\$ 9,508,999	\$ 36,814,063

(CONTINUED)

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Balance Sheet
Governmental Funds
June 30, 2018**

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

Total Fund Balance reported in Exhibit B-1	\$ 24,679,226
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund balance sheet	48,851,635
Deferred debt charges resulting from issuance of refunding and advance refunding bonds. These charges have been included in the governmental activities in the Statement of Net Position.	68,185
Net Pension and OPEB Assets and related Deferred Outflows of Resources for pension and OPEB plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	19,826,015
Net OPEB Liability and Deferred Inflows of Resources for the OPEB plan are reported on the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	(43,338,046)
Net Pension Liability and related Deferred Inflows of Resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	(77,647,472)
Long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position (excludes net premium noted below).	(26,338,299)
Unavailable tax revenue and fire rescue fees (net of an allowance for uncollectibles) are recorded in the funds, but are not recorded under the measurement focus employed in the Statement of Net Position.	874,436
Interest accrued on long-term debt obligations is reported as a liability in the Statement of Net Position but does not get reported in the Fund Statements.	(199,500)
Net premium on refunding has been recorded as long-term debt on the Statement of Net Position	<u>(803,273)</u>
Total Net Position reported in Exhibit A-1	<u><u>\$ (54,027,093)</u></u>

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018**

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 57,666,227	\$ -	\$ -	\$ 57,666,227
Intergovernmental	3,376,651	6,259,967	2,050,596	11,687,214
Licenses, fees, fines, charges, and assessments	961,471	100,396	2,042,409	3,104,276
Investment income (loss)	399,577	-	19,493	419,070
Contributions	-	22,393	216,063	238,456
State on behalf pension & transportation contributions	-	2,013,858	-	2,013,858
Other miscellaneous	256,154	280,384	-	536,538
TOTAL REVENUES	62,660,080	8,676,998	4,328,561	75,665,639
EXPENDITURES:				
Current:				
General government	3,279,869	-	-	3,279,869
Public safety	17,581,873	-	362,935	17,944,808
Public works	4,602,102	-	-	4,602,102
Libraries	1,374,433	-	-	1,374,433
Education	-	39,574,774	1,031,202	40,605,976
Recreation and Senior Center activities	1,072,753	-	754,030	1,826,783
Benefits and other miscellaneous	2,048,671	-	38,514	2,087,185
Debt Service:				
Principal	1,585,000	-	-	1,585,000
Interest and other costs	805,525	-	-	805,525
Capital:				
Capital expenditures	1,974,029	910,255	729,004	3,613,288
TOTAL EXPENDITURES	34,324,255	40,485,029	2,915,685	77,724,969
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	28,335,825	(31,808,031)	1,412,876	(2,059,330)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,985,000	31,677,808	225,273	34,888,081
Transfers out	(31,903,081)	-	(2,555,000)	(34,458,081)
TOTAL OTHER FINANCING SOURCES (USES)	(28,918,081)	31,677,808	(2,329,727)	430,000
NET CHANGE IN FUND BALANCES	(582,256)	(130,223)	(916,851)	(1,629,330)
FUND BALANCE BEGINNING OF YEAR	16,162,998	1,919,583	8,225,975	26,308,556
FUND BALANCE AT END OF YEAR	\$ 15,580,742	\$ 1,789,360	\$ 7,309,124	\$ 24,679,226

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)
Year Ended June 30, 2018**

Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):	\$ (1,629,330)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures (which were capitalized as capital assets) in the current period exceeded depreciation expense.	511,972
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	1,585,000
Changes in the Net OPEB Liability and the related Deferred Inflows and Outflows of Resources related to OPEB plans results in increase or decrease to the OPEB expense reported in the Statement of Activities. For fiscal 2018, the effect of these adjustments resulted in an increase in the pension expense reported in the Statement of Activities.	(705,498)
Changes in the Net Pension Asset, Deferred Outflows of Resources related to pension plans, Net Pension Liability, and Deferred Inflows of Resources related to pension plans results in an increase or decrease to the pension expense reported in the Statement of Activities. For fiscal 2018 the effect of these adjustments resulted in a decrease in the pension expense reported in the Statement of Activities.	2,060,835
Governmental funds report deferred outflows on refundings and premiums on debt financing when they occur. The Statement of Activities amortizes these costs over the life of the obligations. This is the net amount of the amortization of bond discounts, premiums, and deferred charges on refundings.	32,870
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unavailable tax and EMS fee revenue decreased from fiscal 2017.	(168,021)
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. This is the decrease in accrued interest expense in fiscal 2018.	11,000
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	<u>(93,871)</u>
Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)	<u>\$ 1,604,957</u>

TOWN OF SMITHFIELD, RHODE ISLAND

Statement of Net Position
Proprietary Funds
June 30, 2018
(With Comparative Totals at June 30, 2017)

	Business-type Activities-Enterprise Funds								
	Sewer Authority (current year)	Sewer Authority (prior year)	Water Supply Board (current year)	Water Supply Board (prior year)	Smithfield Ice Rink (current year)	Smithfield Ice Rink (prior year)	School Lunch Program (current year)	School Lunch Program (prior year)	Totals (current year)
ASSETS:									
Current Assets:									
Cash and cash equivalents	\$ 4,909,298	\$ 4,801,949	\$ 594,640	\$ 793,291	\$ 1,164,368	\$ 718,041	\$ 101,761	\$ 118,401	\$ 6,770,067
Restricted cash	584,323	579,895	-	-	-	-	-	-	584,323
Cash on deposit with funding agency	-	-	-	-	-	-	-	-	-
Water and sewer assessments and user fees - net	162,551	176,734	510,295	393,873	-	-	-	-	672,846
Other receivables, net	-	-	-	-	36,397	32,588	9,307	31,833	45,704
Due from other funds	-	-	653,242	269,522	-	-	-	-	653,242
Inventory	-	-	37,220	34,020	-	-	-	-	37,220
Total Current Assets	5,656,172	5,558,578	1,795,397	1,490,706	1,200,765	750,629	111,068	150,234	8,763,402
Noncurrent Assets:									
Sewer Assessment fees	307,253	374,317	-	-	-	-	-	-	307,253
Capital assets not being depreciated	269,490	830,026	1,198	1,198	-	-	-	-	270,688
Capital assets, net of accumulated depreciation	16,191,426	16,391,154	2,052,105	2,095,693	1,225,948	1,322,710	43,515	49,872	19,512,994
Total Noncurrent Assets	16,768,169	17,595,497	2,053,303	2,096,891	1,225,948	1,322,710	43,515	49,872	20,090,935
TOTAL ASSETS	22,424,341	23,154,075	3,848,700	3,587,597	2,426,713	2,073,339	154,583	200,106	28,854,337
LIABILITIES:									
Current Liabilities:									
Accounts payable and accrued expenses	84,558	100,057	119,778	87,859	18,494	9,925	36,734	23,274	259,564
Due to other funds	844,559	728,616	-	-	469,445	110,770	-	-	1,314,004
Unearned assessments and user fees	60,086	61,801	-	-	6,715	7,192	18,862	11,879	85,663
Current portion of compensated absences	10,000	10,000	10,000	10,000	15,000	15,000	-	-	35,000
Current portion of bonds	443,450	438,450	22,000	22,000	-	-	-	-	465,450
Total Current Liabilities	1,442,653	1,338,924	151,778	119,859	509,654	142,887	55,596	35,153	2,159,681
Noncurrent Liabilities:									
General obligation bonds, net of current portion	5,987,851	6,431,301	118,000	140,000	-	-	-	-	6,105,851
Unearned assessments and user fees	272,505	332,591	-	-	-	-	-	-	272,505
Compensated absences	17,916	16,000	21,110	21,659	52,474	47,199	-	-	91,500
Total Noncurrent Liabilities	6,278,272	6,779,892	139,110	161,659	52,474	47,199	-	-	6,469,856
TOTAL LIABILITIES	7,720,925	8,118,816	290,888	281,518	562,128	190,086	55,596	35,153	8,629,537
NET POSITION:									
Net investment in capital assets	10,613,938	10,931,324	1,913,303	1,934,891	1,225,948	1,322,710	43,515	49,872	13,796,704
Unrestricted	4,089,478	4,103,935	1,644,509	1,371,188	638,637	560,543	55,472	115,081	6,428,096
TOTAL NET POSITION	\$ 14,703,416	\$ 15,035,259	\$ 3,557,812	\$ 3,306,079	\$ 1,864,585	\$ 1,883,253	\$ 98,987	\$ 164,953	\$ 20,224,800

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

TOWN OF SMITHFIELD, RHODE ISLAND

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018
(With Comparative Totals For the Year Ended June 30, 2017)

	Business-type Activities-Enterprise Funds								Totals (current year)
	Sewer Authority (current year)	Sewer Authority (prior year)	Water Supply Board (current year)	Water Supply Board (prior year)	Smithfield Ice Rink (current year)	Smithfield Ice Rink (prior year)	School Lunch Program (current year)	School Lunch Program (prior year)	
OPERATING REVENUES:									
Charges for usage and service	\$ 3,172,471	\$ 3,102,613	\$ 1,542,680	\$ 1,424,598	\$ 679,316	\$ 709,539	\$ -	\$ -	\$ 5,394,467
Food sales	-	-	-	-	-	-	339,499	350,930	339,499
Intergovernmental	-	-	-	-	-	-	176,182	176,704	176,182
Other revenues	36,280	35,758	170,983	81,623	-	-	-	-	207,263
Total Operating Revenues	3,208,751	3,138,371	1,713,663	1,506,221	679,316	709,539	515,681	527,634	6,117,411
OPERATING EXPENSES:									
Salaries and benefits	92,076	91,494	301,979	287,678	318,992	309,884	-	-	713,047
Operations	2,330,289	2,293,398	906,988	1,005,100	283,977	301,816	-	-	3,521,254
Depreciation and amortization	701,125	702,567	124,599	137,594	96,761	104,687	6,357	8,683	928,842
School cafeteria operations	-	-	-	-	-	-	575,290	500,701	575,290
Total Operating Expenses	3,123,490	3,087,459	1,333,566	1,430,372	699,730	716,387	581,647	509,384	5,738,433
OPERATING INCOME (LOSS)	85,261	50,912	380,097	75,849	(20,414)	(6,848)	(65,966)	18,250	378,978
NONOPERATING REVENUES (EXPENSES):									
Interest income	51,304	31,700	1,636	1,627	1,746	1,904	-	-	54,686
Interest expense	(168,408)	(174,331)	-	-	-	-	-	-	(168,408)
Net Nonoperating Revenues	(117,104)	(142,631)	1,636	1,627	1,746	1,904	-	-	(113,722)
INCOME BEFORE CONTRIBUTIONS	(31,843)	(91,719)	381,733	77,476	(18,668)	(4,944)	(65,966)	18,250	265,256
Transfers (Out)	(300,000)	(150,000)	(130,000)	-	-	-	-	-	(430,000)
CHANGE IN NET ASSETS	(331,843)	(241,719)	251,733	77,476	(18,668)	(4,944)	(65,966)	18,250	(164,744)
TOTAL NET POSITION - BEGINNING OF YEAR	15,035,259	15,276,978	3,306,079	3,228,603	1,883,253	1,888,197	164,953	146,703	20,389,544
TOTAL NET POSITION - END OF YEAR	\$ 14,703,416	\$ 15,035,259	\$ 3,557,812	\$ 3,306,079	\$ 1,864,585	\$ 1,883,253	\$ 98,987	\$ 164,953	\$ 20,224,800

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

TOWN OF SMITHFIELD, RHODE ISLAND

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities- Enterprise Funds				
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 3,228,197	\$ 1,597,241	\$ 675,030	\$ 545,190	\$ 6,045,658
Cash paid to suppliers for goods and services and other operating payments	(2,345,788)	(878,269)	(275,407)	(561,830)	(4,061,294)
Cash paid for employees and benefits	(90,160)	(302,528)	(313,717)	-	(706,405)
Net cash provided (used) by operating activities	792,249	416,444	85,906	(16,640)	1,277,959
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to (from) other funds	(300,000)	(130,000)	-	-	(430,000)
(Increase) decrease in due from other funds	-	(383,720)	-	-	(383,720)
Increase (decrease) in due to other funds	115,943	-	358,675	-	474,618
Net cash provided (used) by noncapital financing activities	(184,057)	(513,720)	358,675	-	(339,102)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	59,139	(81,011)	-	-	(21,872)
Principal paid on bonds	(438,450)	(22,000)	-	-	(460,450)
Interest paid on bonds	(168,408)	-	-	-	(168,408)
Net cash used for capital and related financing activities	(547,719)	(103,011)	-	-	(650,730)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	51,304	1,636	1,746	-	54,686
Net cash provided by investing activities	51,304	1,636	1,746	-	54,686

(CONTINUED)

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018**

	Business-type Activities- Enterprise Funds				
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	Totals
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,777	(198,651)	446,327	(16,640)	342,813
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,381,844	793,291	718,041	118,401	7,011,577
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,493,621</u>	<u>\$ 594,640</u>	<u>\$ 1,164,368</u>	<u>\$ 101,761</u>	<u>\$ 7,354,390</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 85,261	\$ 380,097	\$ (20,414)	\$ (65,966)	\$ 378,978
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	701,125	124,599	96,761	6,357	928,842
(Increase) decrease in water and sewer assessments and user fees	81,247	(116,422)	-	-	(35,175)
(Increase) decrease in other receivables	-	-	(3,809)	22,526	18,717
(Increase) decrease in inventory	-	(3,200)	-	-	(3,200)
Increase (decrease) in accounts payable and accrued expenses	(15,499)	31,919	8,570	13,460	38,450
Increase (decrease) in compensated absences	1,916	(549)	5,275	-	6,642
Increase (decrease) in unearned assessments and fees	(61,801)	-	(477)	6,983	(55,295)
Net cash provided (used) by operating activities	<u>\$ 792,249</u>	<u>\$ 416,444</u>	<u>\$ 85,906</u>	<u>\$ (16,640)</u>	<u>\$ 1,277,959</u>

NOTE: Cash and cash equivalents includes cash on deposit with funding agency, and restricted cash.

(CONCLUDED)

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

TOWN OF SMITHFIELD, RHODE ISLAND

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Pension & OPEB Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents		\$ 303,250
Other receivables	\$ 192,210	198,920
<i>Investments, at fair value:</i>		
Mutual funds	38,168,837	
TOTAL ASSETS	38,361,047	502,170
LIABILITIES		
Deposits held in custody for others		502,170
TOTAL LIABILITIES	-	502,170
NET POSITION		
Restricted for Pensions	35,012,214	-
Restricted for OPEB	3,348,833	-
TOTAL NET POSITION	\$ 38,361,047	\$ -

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018**

	<u>Pension & OPEB Trust Funds</u>
ADDITIONS:	
Contributions:	
Employee contributions	\$ 312,005
Employer contributions	4,112,414
Total contributions	<u>4,424,419</u>
Investment earnings:	
Realized and unrealized gains (losses)	367,665
Interest and dividends	3,461,651
Total investment earnings	<u>3,829,316</u>
Total additions	<u>8,253,735</u>
DEDUCTIONS:	
Benefits paid	5,829,495
Operating expenses	136,167
TOTAL DEDUCTIONS	<u>5,965,662</u>
CHANGE IN NET POSITION	2,288,073
NET POSITION - BEGINNING OF YEAR	36,072,974
NET POSITION - END OF YEAR	<u><u>\$ 38,361,047</u></u>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

The Town of Smithfield was settled in 1636 and later incorporated as a Town in 1730. 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. The financial statements and related notes include the activity and net position of the Smithfield Public School, a department of the Town of Smithfield, Rhode Island.

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

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

The financial statements for the Town of Smithfield, Rhode Island do not include any component units.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balance/net position, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the Town or meets the following criteria:

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

and

- (b) Total assets and deferred outflow of resources, or liabilities and deferred inflow of resources, or 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 committed or restricted to expenditures for specific purposes other than debt service or capital projects.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Capital Project Funds

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

Permanent Funds

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

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. Proprietary Funds include Enterprise and Internal Service Funds. The Town currently maintains four enterprise funds and has no internal service funds.

Fiduciary Funds (Not included in government wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes four agency funds at June 30, 2018. 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:

- Student Activity Funds
- Street Lighting Fund
- Soil Erosion Fund

Pension and Other Post Employment Benefit Trust Funds (OPEB)

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds

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

Major Funds:	<u>Description</u>
General Fund:	See above for description
Special Revenue Fund	
School Unrestricted Fund	This fund is used to report all financial transactions of the Smithfield School Department, which are not legally required to be accounted for separately. The major revenue sources of this fund consist of Aid for Education provided by the State of Rhode Island and an appropriation from the Town's General Fund.
Proprietary Funds:	
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. operations of the regional wastewater treatment facility.
Water Supply Board	Responsible for supplying water service for approximately one-third of the Town, and additionally a certain area in the Town of North Providence.
Smithfield Ice Rink	Accounts for the operations of the public ice rink which is owned and operated by the Town. This fund did not meet the criteria for reporting as a major fund however, management elected to present the fund as a major fund.
School Cafeteria	Accounts for the operation of the school breakfast and lunch program of the Smithfield School Department. This fund did not meet the criteria for reporting as a major fund however, management elected to present the fund as a major fund.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

	<u>Description</u>
Non-Major:	
Special Revenue Funds:	School Restricted Funds, Animal Control Fund, Animal Control Spay/Neuter, Byrne Grant, Police Restricted Revenue, CDBG, Document Preservation & Tech Upgrades, EMA Radio, Planning Challenge Block Grant, Fire Prevention, Historical Records, Municipal Contingency Escrow, Operation Blue Riptide, Police Confiscated Funds, Retirement Escrow, Revaluation Escrow, RIDOT Children Passenger Safety, RIDOT Click it or Ticket, Scholarship Fund, Senior Center Grant, Bulletproof Vest, Neighborhood Center, RIDOH Tobacco Grant, Police Memorial Fund, General Public Assistance, Dog Park, Affordable Housing, Commercial Weight Enforcement, RIDOH Alcohol Grant, and Active Shooter Grant.
Capital Project Funds:	Green Acres Acquisition Fund, Smithfield Historic Landmark, Impact Fees, Land Acquisition-Open Space Bond, Middle School Additions, Open Space & Recreation Area, Police Equipment, Water District Improvement Fee, Handicap Accessibility, Salt Barn Property, Special Projects Fund, Police Improvement Bond, Capital Reserve Fund, Land Trust, Bryant Capital Contributions, School Improvement Bond, Capital Lease Fund, Esmond Street Enhancement, and Smithfield Fire Rescue.
Permanent Funds:	Cemetery Fund

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as noted for proprietary funds below and the accrual basis of accounting.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. 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. Grant revenue (for expenditure reimbursement grants) of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized as revenue when received.

The proprietary funds and private purpose trust funds utilize "economic resources" measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources associated with their activities are reported. Fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

Cash equivalents include amounts invested in certificate of deposits which when purchased can be accessed at any point in time. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts which hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

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

Investments

The Town invests in various types of investments, which are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounts Receivable

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes (72% of balance) and intergovernmental receivables. Business-type activities report uncollected service fees as its major receivables.

In the fund financial statements, receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions earned/measurable 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 receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due in equal quarterly installments on September 1-30th, December 1-31st, March 1-31st; and June 1-30th following the levy date. The taxpayer may elect to pay the taxes in full or pay quarterly as noted above. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax dating back to September 30th. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

Prepays

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

Capital Assets

Government-Wide Statements

In the government-wide financial statements, long-lived assets (property, plant, equipment, and infrastructure) are accounted for as capital assets. All capital assets are reported at historical cost, or estimated historical cost if actual is unavailable. Donated capital assets, works of art, historical treasures, and capital assets received in a service concession arrangement are recorded at acquisition value. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The Town established and maintains a capitalization threshold of \$10,000 for an individual item with a useful life in excess of one year.

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

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful life using the straight-line method of depreciation. The 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 & pumping	5 - 60 years
Vehicles	5 - 15 years
Infrastructure	15 - 65 years

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2018 the Town of Smithfield, Rhode Island had six items qualifying as deferred outflow of resources in the government-wide statement of net position. These deferred outflows of resources included: deferred charge on refunding, difference between projected and actual earnings for pension plans, difference between projected and actual experience on pension plans, changes in pension and OPEB assumptions, changes in proportion and difference in employer contributions and proportion, and pension contributions after the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2018 the Town of Smithfield, Rhode Island had one item qualifying as a deferred inflow of resources in the governmental funds balance sheet and four items reported in the government-wide statement of net position. Unavailable tax revenue and fee revenue reported in the fund statements represents property taxes receivables which are assessed on December 31, 2016 and prior and is not collected within 60 days of June 30, 2018 as well as fees for rescue services billed but deemed unavailable at year end. The deferred inflows of resources reported on the government-wide financial statements are related to pension plan and OPEB plan reporting requirements in accordance with GASB Statement #68 and #75, respectively. These deferred inflows consisted of the difference between actual and expected experience; difference between projected & actual earnings; changes in assumptions; and changes in proportion and difference in employer contributions and proportion for pensions.

Interfund Transactions

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

- Reciprocal interfund activities:
 - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
 - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions (Continued)

- Non-reciprocal interfund activities:
 - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
 - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Fund Balance Transactions

The re-appropriation 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 for budgetary purposes.

Net Position

In the Government-wide and Proprietary Fund financial statements net position is classified in the following categories:

- (a) Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All remaining net position that does not meet the definition of "restricted" or "net investment in capital assets".

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance

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

- Nonspendable Fund Balance – includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash within one year.
- Restricted Fund Balance – includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances as a formal procedure to commit fund balance. In addition, the passage of the budget by the taxpayers at the annual financial Town meeting is considered the commitment of funds for the line items included in the fiscal budget.
- Assigned Fund Balance – includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Town Manager through the Town Council has the authority to assign fund balance. Fund balance assigned by the Town Manager is documented through issuance of a memorandum.
- Unassigned Fund Balance – is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed or assigned for specific purposes.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (Continued)

Application of Funds

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

Minimum Fund Balance

Per the Town's Home Rule Charter: "After each fiscal year, to the extent that the undesignated fund balance exceeds five percent (5%) of the subsequent fiscal year appropriations, commencing with fiscal year 2001, sixty-six and two-thirds percent (66 2/3%) of the excess amount in the undesignated fund balance shall be transferred to the Capital Reserve Fund and thirty three and one-third percent (33 1/3%) of the excess amount in the undesignated fund balance shall be transferred to the Land Trust Fund." Due to the fact that this minimum fund balance policy is part of the Town's Home Rule Charter, the amount calculated at year-end is reported as restricted fund balance in the Town's General Fund and is transferred to the Capital Reserve and Land Trust Fund in the subsequent fiscal year. Beginning in fiscal year 2016 and ending in fiscal year 2020, the 5% undesignated fund balance shall be increased by 3/5ths of a percent of the subsequent year's appropriation. After each fiscal year commencing in 2016 to the extent that the undesignated fund balance exceeds 5 3/5% of the subsequent year's appropriation in fiscal 2016, 6 1/5% in fiscal 2017, 6 4/5% in fiscal 2018, 7 2/5% in fiscal 2019, and 8% in fiscal 2020, the excess shall be divided 80% for the Capital Reserve Fund and 20% for the Land Trust Reserve Fund. Undesignated fund balance as noted above is deemed to be equivalent to the unassigned fund balance as defined by GASB Statement #54.

It is anticipated that this is a level sufficient to provide for the required resources to ensure short-term cash availability when revenue is unavailable or unanticipated expenditures (including emergencies) occur. If the unassigned fund balance falls below the minimum parameter, the Town Council will adopt a plan and a time frame in which to bring the unassigned fund balance into compliance with the Town's Home Rule Charter.

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 employee upon separation from Town service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as 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. A liability for compensated absences is recorded in the governmental funds only if the liability became due at June 30, 2018 as a result of employee resignation or retirements. At June 30, 2018 there is no amount reported in the liabilities of the governmental funds.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Compensated absences which are liquidated during the fiscal year are allocated to the applicable fund in which the employee's compensation is allocated. Compensated absences are generally allocated to the Town's General Fund for Town personnel (excluding those working in the business-type activities) and the School Unrestricted Fund.

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds." The details of this \$26,338,299 are as follows:

Bonds and lease purchase obligations, excluding premium on bonds (\$803,273)	\$21,225,000
Compensated absences	<u>5,113,299</u>
Total	<u>\$26,338,299</u>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "net pension liability and related deferred inflows of resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements." The details of this \$77,647,472 are as follows:

Net Pension Liability all plans	\$63,906,072
Difference between actual and expected experience	3,050,893
Difference between actual and projected earnings	1,943,013
Changes in proportion and difference in employer contributions and proportion	1,107,219
Changes in assumptions for pension plans	<u>7,640,275</u>
Total	<u>\$77,647,472</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$511,972 difference are as follows:

Fund expenditures capitalized for reporting in Government-wide statements	\$2,948,170
Depreciation expense	<u>(2,436,198)</u>
Net adjustment (increase in net position)	<u>\$ 511,972</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Another element of that reconciliation states that, "Changes in Net Pension Asset, Deferred Outflow of Resources related to pension plans, Net Pension Liabilities, and Deferred Inflows of Resources related to pension plans results in an increase or decrease in the pension expense reported in the Statement of Activities." The details of this \$2,060,835 difference are as follows:

Decrease in Net Pension Asset for fiscal 2018	(\$ 621,156)
Increase in Deferred Outflows for pension plans	338,015
Decrease in Net Pension Liability for fiscal 2018	5,567,660
Increase in Deferred Inflows for pension plans	<u>(3,223,684)</u>
Net adjustment (increase net position)	<u>\$2,060,835</u>

Recently Issued Accounting Standards

During the fiscal year ended June 30, 2018 the Town implemented the following new accounting pronouncements:

- GASB Statement No. 81 – Irrevocable Split-Interest Agreements.
- GASB Statement No. 85 – Omnibus 2017.
- GASB Statement No. 86 – Certain Debt Extinguishment Issues.

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

- GASB Statement No. 83 – Certain Asset Retirement Obligations, effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 84 – Fiduciary Activities, effective for the fiscal year ending June 30, 2020.
- GASB Statement No. 87 – Leases, effective for the fiscal year ending June 30, 2021.
- GASB Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period, effective for the fiscal year ending June 30, 2021.
- GASB Statement No. 90 – Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61, effective for fiscal year ending June 30, 2020.

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Smithfield, Rhode Island's various pension plans (described in more detail in Note 11) and additions to/deductions from the pension plans fiduciary net position have been determined on the same basis as they have been reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of Smithfield, Rhode Island's OPEB Trust Fund (described in more detail in Note 13) and additions to/deductions from the OPEB Trust Fund's fiduciary net position have been determined on the same basis as they have been reported by the Trust Fund. For this purpose, the OPEB Trust Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at original cost.

Use of Estimates

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

Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of Smithfield, Rhode Island's financial statements for the year ended June 30, 2017 from which the partial information was derived.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

2. BUDGETARY PROCESS

The Town Council conducts a hearing on the proposed budget submitted by the Town Manager in May 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 June. 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 basis consistent with the Town's budget. Certain annual appropriations are carried over to next year's budget. There were \$4,065,294 of supplemental budgetary appropriations – re-appropriation of unexpended balances or (RUBS) made during the fiscal year ended June 30, 2018. RUBS available at June 30, 2018 to be carried over to fiscal 2019 totaled \$3,683,785.

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. Management must seek approval of the Town Council for all over-expended appropriations.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis of accounting to revenue and expenditures reported in accordance with generally accepted accounting principles can be found in the required supplementary information on Pages 98 and 99.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

3. CASH AND INVESTMENTS

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

Deposits

The carrying amount of the Town's cash and cash equivalents at June 30, 2018 was \$26,590,313 (including Fiduciary Funds, and restricted cash but excluding cash on deposit with funding agency) while the bank balance was approximately \$27,536,000. Of the bank balance, approximately \$11,259,400 was covered by federal depository insurance while the remaining balance was 100% collateralized.

Investments

At June 30, 2018 the Town's investments totaled \$43,395,640 (including \$38,168,837 held in Fiduciary Funds and \$5,226,803 held in the General Fund) and consisted of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Equity Mutual Funds.....	\$19,963,248	n/a	n/a	not rated
Fixed Income Mutual Funds.....	12,667,160	n/a	n/a	not rated
Other Mutual Funds.....	5,538,429	n/a	n/a	not rated
Government securities	<u>5,226,803</u>	1.02%- 2.23%	10/2018 – 12/2021	AAA
Total investments	<u>\$ 43,395,640</u>			

Investments are carried at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments 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 operating funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Fiduciary fund investments are made in accordance with the plan documents. Investments in any one institution cannot exceed five percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements.

Mutual Funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Town are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish the daily net asset value (NAV) and to execute transactions at that price. All mutual funds held by the Town at June 30, 2018 are deemed to be actively traded.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

3. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Equity Mutual Funds	\$10,029,495	\$10,029,495		
Fixed Income Mutual Funds.....	11,802,175	11,802,175		
Other Mutual Funds	5,538,429	5,539,429		
Government Securities.....	<u>5,226,803</u>	<u>5,226,803</u>	-	-
Total Investments by Fair Value Level.....	<u>32,596,902</u>	<u>\$32,596,902</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at Net Asset Value (NAV):				
Equity Mutual Funds.....	9,933,753			
Fixed Income Mutual Funds.....	<u>864,985</u>			
Total Investments by NAV.....	<u>10,798,738</u>			
Total Investments.....	<u>\$43,395,640</u>			

Net Asset Value (NAV) – As a practical expedient, the Town can use the NAV per share for investments in a nongovernmental entity that does not have a readily determinable fair value. The NAV is not permitted for valuation if it is probable that the Town will sell the investment at a different price. Investments measured at NAV are excluded from the fair value hierarchy described above.

The mutual funds measured at NAV are considered pooled separate accounts (PSA) which invest mainly in domestic stocks. The majority of the underlying securities have observable level 1 inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are quoted prices, the NAV of a separate account is not publicly quoted. It is Principal Life's assessment that the above noted PSA's meet the requirements to be reported at NAV.

Concentration of Credit Risk

The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from an over concentration of assets in a specific industry and a specific maturity

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

3. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk 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 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 Town does not have a formal policy relating to a specific investment related risk.

Custodial Credit Risk

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

Credit Risk

Generally credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation and the Town will not be able to recover the value of its investment or collateral securities possessed by another party. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.

4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE

The Town assesses taxes each December 31st and the levy thereon may be paid in full on or before September 30th, or quarterly, on or before September 30th, December 31st, March 31st, and June 30th, without penalty, at the taxpayer's option.

During the year ended June 30, 2018, the Town received \$853,791 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last several years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3rd and 4th quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$39.00.

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TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE (Continued)

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

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

Net property taxes levied for the fiscal year 2018 were based on a net assessed value of approximately \$2,755,071,200 at December 31, 2016 and amounted to approximately \$57,541,400. Collections through June 30, 2018 amounted to approximately \$55,189,000, which represents approximately 96% of the total tax levy. The collection percentage as of August 31, 2018 including the 60 day rule receipts was approximately 99%.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of June 30, 2018 (\$3,596,742) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$1,211,996. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2018 are recorded as unavailable tax revenue and amounted to \$715,825 at June 30, 2018. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2018 (due to their collection within the 60 days immediately following June 30, 2018) amounted to \$1,668,921.

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 cessation of collection efforts.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

5. TAX TREATY AGREEMENTS

The Town of Smithfield, Rhode Island may, from time to time, enter into tax abatement agreements (tax treaty agreements) with local businesses in accordance with provisions of Rhode Island Public Laws, 1960, Chapter 7, and various provisions of the General Laws of the State of Rhode Island. In accordance with the applicable Public Law and the General Laws of the State of Rhode Island, the Town may enter into tax treaty agreements which provide stabilization of taxes as a means to induce businesses to locate to the Town of Smithfield. These agreements are considered to be in the best public interest of the Town as they provide incentives for businesses to locate in the Town of Smithfield which will result an increase in the tax base of the Town, provide increased tax revenue, enhance property values in Town, help the overall economic climate of the Town, and in some instances, create employment opportunity for the residents of the Town of Smithfield.

As of June 30, 2018 the Town of Smithfield maintained eight tax treaty/tax stabilization agreements. These agreements provided tax relief to businesses in the form of stabilization agreements for real and tangible property taxes. Listed below is a summary of information pertaining to these agreements for the fiscal year ended June 30, 2018.

- Agreement with an equipment rental company for the abatement of tangible property taxes. Tax stabilization amount for the fiscal year ended June 30, 2018 was \$100,000 which resulted in an abatement of approximately \$474,000. This agreement is scheduled to terminate on June 30, 2027.
- Two agreements with a commercial office park development for the abatement of real estate taxes. The tax stabilization amount for the fiscal year ended June 30, 2018 was \$370,300 which resulted in a tax abatement of approximately \$183,100. One agreement expired on June 30, 2018 while the second goes through June 30, 2020.
- Agreement entered into on June 30, 1999 with a manufacturer to provide tax stabilization amounts increasing every five years from July 1, 1999 through July 1, 2018. The stabilization amount for real estate and tangible taxes for fiscal 2018 was \$198,749. The amount of the abatement is unknown for fiscal 2018.
- Agreement entered into in May 1998 with a retail and healthcare company to provide tax stabilization amounts increasing every five years from July 1, 1998 through December 31, 2023. The stabilization amount for real estate and tangible taxes for fiscal 2018 was \$79,750. The amount of the abatement is unknown for fiscal 2018.
- Agreement entered into on May 28, 1996 with a financial service corporation to provide tax stabilization amounts increasing every five years from December 31, 2002 through December 31, 2022 and terminating December 31, 2028. The stabilization amount for real estate and tangible taxes for fiscal 2018 was \$3,089,518. The amount of the abatement is unknown for fiscal 2018.
- Agreement entered into on December 31, 1998 with a world leading designer and marketer of eyewear to provide tax stabilization amounts increasing every five years from December 31, 2003 through December 31, 2023 and terminating December 31, 2028. The stabilization amount for real estate and tangible taxes for fiscal 2018 was \$214,606. The amount of the abatement is unknown for fiscal 2018.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balances</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements &</u> <u>Disposals</u>	<u>Balances</u> <u>June 30, 2018</u>
Governmental Activity:				
Nondepreciable Assets:				
Land	\$ 15,488,672	\$ -	\$ -	\$ 15,488,672
Construction in progress	6,375,400	331,343	6,072,189	634,554
Depreciable Assets:				
Buildings and improvements	32,228,498	5,919,339	-	38,147,837
Equipment	6,197,060	1,000,168	-	7,197,228
Vehicles	7,283,103	372,263	108,419	7,546,947
Infrastructure	80,180,534	1,397,246	-	81,577,780
Total cost	<u>147,753,267</u>	<u>9,020,359</u>	<u>6,180,608</u>	<u>150,593,018</u>
Accumulated Depreciation:				
Building and improvements	(16,493,564)	(789,138)	-	(17,282,702)
Equipment	(4,861,007)	(502,471)	-	(5,363,478)
Vehicles	(6,145,044)	(455,121)	(108,419)	(6,491,746)
Infrastructure	(71,913,989)	(689,468)	-	(72,603,457)
Total accumulated depreciation	<u>(99,413,604)</u>	<u>(2,436,198)</u>	<u>(108,419)</u>	<u>(101,741,383)</u>
Net capital assets	<u>\$ 48,339,663</u>	<u>\$ 6,584,161</u>	<u>\$ 6,072,189</u>	<u>\$ 48,851,635</u>

Depreciation expense for the year ended June 30, 2018 was charged to the following functions/programs of the Town:

Governmental Activities:	
General government	\$ 614,535
Education	266,872
Public safety	569,890
Public works	933,780
Recreation	51,121
Total	<u>\$ 2,436,198</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements &</u> <u>Disposals</u>	<u>Balances</u> <u>June 30, 2018</u>
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 270,688	\$ -	\$ -	\$ 270,688
Construction in progress	560,536	-	560,536	-
Depreciable Assets:				
Land improvements	87,129	-	-	87,129
Plant and Buildings	18,527,476	329,534	-	18,857,010
Equipment	10,365,494	252,872	-	10,618,366
Infrastructure - mains, lines, etc.	22,423,745	-	-	22,423,745
Motor vehicles	167,364	-	-	167,364
Total cost	52,402,432	582,406	560,536	52,424,302
Accumulated Depreciation:				
Land improvements	(84,941)	(175)	-	(85,116)
Plant and Buildings	(10,780,509)	(435,914)	-	(11,216,423)
Equipment	(5,221,338)	(286,741)	-	(5,508,079)
Infrastructure - mains, lines, etc.	(15,477,056)	(198,726)	-	(15,675,782)
Motor vehicles	(147,934)	(7,286)	-	(155,220)
Total accumulated depreciation	(31,711,778)	(928,842)	-	(32,640,620)
Net capital assets	\$ 20,690,654	\$ (346,436)	\$ 560,536	\$ 19,783,682

Depreciation expense for the year ended June 30, 2018 was charged to the following Business-type Activities:

Sewer Authority	\$ 701,125
Water Supply Board	124,598
Smithfield Ice Rink	96,761
School Lunch Program	6,358
Total	\$ 928,842

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

7. DUE FROM FEDERAL AND STATE GOVERNMENTS

Due from federal and state governments represent balances on contracts and grants as well as for services provided and consisted of the following at June 30, 2018:

	<u>Due From</u>
School Unrestricted Fund:	
State of Rhode Island – Department of Education	\$ 28,358
State of Rhode Island – EDS – Medicaid Funding	14,127
Other Non-Major Governmental Funds:	
State of Rhode Island – Department of Education	402,559
State of Rhode Island – various departments	<u>49,631</u>
Total all fund types.....	<u>\$ 494,675</u>

8. LONG-TERM DEBT

(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 the State 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 and adopted by a vote of the majority.

The Rhode Island General Laws provide that no Town shall, without special statutory authority, incur any debt which would increase its aggregate indebtedness beyond three (3%) percent of the taxable property of the Town. Tax anticipation notes are not included in the computation of the legal debt limit. Debt may be incurred in excess of the three percent limit with the approval of the State Director of Revenue. At June 30, 2017 all of the Town's bonds and notes outstanding or authorized but unissued are either specifically exempt from the three percent debt limit or are within such limit.

At June 30, 2018 the three (3%) debt limit of the Town was approximately \$82,652,000 based on the net assessed value of property at December 31, 2016 of \$2,755,071,181.

At June 30, 2018 the Town had a total of \$4,215,000 in authorized, unissued debt consisting of the following:

• Police Station – Chapter 169 PL 2014	\$ 325,000
• Town Hall Renovation – Chapter 27 PL 1987	240,000
• Sewer – Chapter 519 PL 1986	650,000
• Water – Chapter 32 PL 1989.....	<u>3,000,000</u>
Total Authorized, Unissued Debt.....	<u>\$4,215,000</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM DEBT (Continued)

(b) At June 30, 2018, the Town's long-term debt outstanding and activity consisted of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:									
General obligation bonds:									
Capital Improvement Land Trust									
2011 Series A.....	01/15/11	\$ 6,270,000	01/15/31	3.0% - 4.0%	\$ 5,340,000	\$ -	\$ 385,000	\$ 4,955,000	\$ 385,000
School Improvements 2012 Series A ..	05/30/12	4,520,000	10/15/23	2.05%	1,860,000	-	285,000	1,575,000	275,000
Premium on bonds					850,012	-	46,739	803,273	-
Capital Improvement Taxable Series B	05/30/12	5,000,000	05/15/27	4.39%	3,835,000	-	315,000	3,520,000	330,000
School Improvement 2015 Series C.....	12/22/15	4,375,000	5/15/36	3.0% - 5.0%	4,375,000	-	35,000	4,340,000	35,000
School Improvement 2015 Series E.....	12/22/15	1,525,000	5/15/22	1.35% - 2.90%	1,325,000	-	265,000	1,060,000	265,000
Police Improvement Bond 2016 Series A	09/01/16	<u>6,075,000</u>	9/1/36	2.0% - 4.0%	<u>6,075,000</u>	-	<u>300,000</u>	<u>5,775,000</u>	<u>305,000</u>
Total general obligations bonds		<u>\$27,765,000</u>			23,660,012	-	1,631,739	22,028,273	1,595,000
Other long-term obligations									
Net Pension Liability.....					69,473,732	-	5,567,660	63,906,072	-
Net OPEB Liability.....					39,197,000	1,941,385	-	41,138,385	-
Compensated absences.....					5,019,428	2,140,371	2,046,500	5,113,299	775,000
Total other long-term obligations					113,690,160	4,081,756	7,614,160	110,157,756	775,000
Governmental Activities Long-Term Obligations.....					<u>\$137,350,172</u>	<u>\$4,081,756</u>	<u>\$9,245,899</u>	<u>\$132,186,029</u>	<u>\$2,370,000</u>

The Town's General Fund is used to record the activity of the net pension liability and net OPEB liability as the General Fund will absorb the costs.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM DEBT (Continued)

(b) Long-Term Debt Outstanding and Activity (Continued):

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2018</u>	<u>Due Within One Year</u>
Business Type Activities:									
<i>General revenue bonds/notes:</i>									
Rhode Island Infrastructure Bank	12/12/07	\$ 850,000	09/01/22	1.492%	\$ 373,000	\$ -	\$ 59,000	\$ 314,000	\$ 60,000
Rhode Island Infrastructure Bank	10/06/09	560,000	09/01/24	2.89%	311,101	-	37,000	274,101	38,000
Rhode Island Infrastructure Bank	06/28/12	4,000,000	09/01/32	.22% - 2.76%	3,322,000	-	174,000	3,148,000	177,000
Rhode Island Infrastructure Bank	06/16/13	3,370,000	09/01/33	.19% - 2.53%	2,863,650	-	168,450	2,695,200	168,450
General obligation bonds:									
Rhode Island Infrastructure Bank	05/01/13	<u>227,000</u>	09/01/23	.25% - 1.91%	<u>162,000</u>	-	<u>22,000</u>	<u>140,000</u>	<u>22,000</u>
Total bonds obligations		<u>\$9,007,000</u>			7,031,751	\$ -	460,450	6,571,301	465,450
Compensated absences					<u>119,858</u>	<u>82,542</u>	<u>75,900</u>	<u>126,500</u>	<u>35,000</u>
Business-type activities, long-term liabilities					<u>\$7,151,609</u>	<u>\$82,542</u>	<u>\$536,350</u>	<u>\$6,697,801</u>	<u>\$500,450</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. LONG-TERM DEBT (Continued)

(d) Debt Service Requirements

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Year ending June 30:					
2019.....	\$ 1,595,000	\$ 757,063	\$ 465,450	\$ 126,702	\$ 2,944,215
2020.....	1,600,000	706,706	470,450	121,282	2,898,438
2021.....	1,610,000	650,586	475,450	115,063	2,851,099
2022.....	1,620,000	593,113	481,450	108,090	2,802,653
2023.....	1,630,000	534,538	491,450	100,435	2,756,423
2024 - 2028.....	6,905,000	1,732,088	1,983,351	380,239	11,000,678
2029 - 2033.....	4,165,000	671,702	2,035,250	151,038	7,022,990
2034 - 2038.....	2,100,000	132,000	168,450	2,131	2,402,581
Total	\$ 21,225,000	\$ 5,777,796	\$ 6,571,301	\$ 1,104,981	\$ 34,679,078

9. FUND BALANCES

(a) Fund Balances

Fund Balance may be classified in the following categories: Nonspendable, Restricted, Committed, Assigned, or Unassigned. See Note 1 of these financial statements for definitions of these five Fund Balance categories. The detail of the composition of Nonspendable, Restricted, Committed, and Assigned Fund Balance follows.

At June 30, 2018 **Nonspendable Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Long-term portion of note receivable from the Greenville Public Library	\$ 189,279
Receivable from Capital Lease Fund which is not expected to be paid within 1 year	184,488
Receivable from the Salt Barn Property which is not expected to be paid within 1 year	<u>1,010,496</u>
Total General Fund	<u>1,384,263</u>

School Unrestricted Fund:

Prepaid expenditures.....	<u>183,813</u>
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Total Nonspendable Fund Balance **\$1,568,076**

CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

9. FUND BALANCES (Continued)

(a) Fund Balances (Continued)

At June 30, 2018 **Restricted Fund Balance** consisted of the following:

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Document Preservation & Technology Upgrades...	\$ 61,814
Fire Prevention	957
Historical Records	40,088
Police Confiscated Funds	25,419
Scholarships	4,494
Senior Center Programs	89,141
Neighborhood Center	31,364
Police Memorials	799
Dog Park	14,633
Educations Programs – School restricted.....	226,343

Capital Projects Fund:

Police Improvement Bond.....	254,830
School Improvement Project.....	817,847
Esmond Street Enhancement Project.....	100,000

Permanent Funds:

Cemetery Maintenance	<u>63,684</u>
Total Nonmajor Governmental Funds.....	<u>\$1,731,413</u>

At June 30, 2018 **Committed Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Capital expenditures carryover.....	\$ 2,529,225
Re-appropriation of balances to 2019 expenditures ...	3,683,785
To supplement fiscal 2018 budget appropriation	<u>600,000</u>
Total General Fund.....	<u>\$ 6,813,010</u>

School Unrestricted Fund:

Educational programs.....	<u>\$ 1,605,547</u>
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(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

9. FUND BALANCES (Continued)

(a) Fund Balances (Continued)

At June 30, 2018 **Committed Fund Balance** consisted of the following (Continued):

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Animal Control.....	\$ 30,050
Animal Control Spay & Neuter	4,376
Public Safety – Police	400,822
Municipal Contingencies	1,032,611
Retirement Payouts (compensated absences).....	765,750
Property Revaluation	281,278
General Public Assistance	51,615

Capital Project Funds:

Green Acres Land Acquisition	120,343
Smithfield Historic Landmark	882
Open Space – Land Acquisition.....	66,285
Impact Fees – Capital Expenditures	1,261,480
Middle School Improvements.....	5,124
Open Space and Recreation.....	4,542
Police Equipment	96,873
Water District Improvements.....	18,748
Handicap Accessibility	10,796
Capital outlays.....	871,740
Land Trust	224,691
Bryant Capital Contributions	297,814
Smithfield Fire Capital Outlays.....	<u>1,295,949</u>
Total Nonmajor Governmental Funds.....	<u>\$6,841,769</u>

At June 30, 2018 **Assigned Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Supplement future tax appropriations.....	<u>\$2,272,433</u>
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The Town Council has adopted a spending policy as part of the approval of the implementation of GASB Statement 54. The Town's spending policy specifies the use of restricted resources first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit it. Additionally, the Town uses committed fund balance followed by assigned and then unassigned when expenditures are incurred for purposes for which amounts are available in each category.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

9. FUND BALANCES (Continued)

(b) Fund Deficits:

The following funds had deficit fund balances (negative unassigned fund balance) at June 30, 2018:

NONMAJOR GOVERNMENTAL FUNDS:

EMA Radio Fund	\$ 21,418
Planning Challenge Block Grant	7,846
Salt Barn Property	1,010,496
Special Projects Fund.....	39,810
Capital Lease Fund	<u>184,488</u>
Total Aggregate Deficit Fund Balances	<u>\$1,264,058</u>

The deficit fund balances/negative unassigned fund balances noted above will be eliminated through the future sale of the property, annual lease payments made by the Town's General Fund, and/or transfer of funds from another project.

The following individual funds had operating deficits for the year ending June 30, 2018:

Business-Type Activities:

Sewer Authority	\$ 331,843
Ice Rink.....	18,668
School Lunch Program	<u>65,966</u>
Total Business-Type Activities	<u>\$ 416,477</u>

Non-major Governmental Funds:

Special Revenue Funds:

Animal Control Spay & Neuter	\$ 7,394
EMA	21,418
Municipal Contingency Escrow	599,997
General Public Assistance.....	3,801
Affordable Housing	62,000

Capital Project Funds:

Police Equipment.....	15,289
Special Projects	107,270
Police Improvement Bond	339,134
Capital Reserve Fund	469,900
Land Trust	2,150
Capital Lease Fund	<u>56,988</u>

Total non-major governmental activities	<u>\$1,685,341</u>
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(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

10. INTERFUND BALANCES AND TRANSFERS

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances, reimbursement for expenditures paid by one fund on behalf of another fund, or may simply be the result of pooling financial resources to maximize investment return. The composition of interfund balances at June 30, 2018 is as follows. Interfund balances are eliminated for presentation in the Government-wide financial statements.

<u>Governmental Funds:</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<i>Major Governmental Funds:</i>		
General Fund.....	\$ 1,757,509	\$ 5,774,794
School Unrestricted Fund.....	<u>2,525,772</u>	<u>-</u>
<i>Total Major Governmental Funds</i>	<u>4,283,281</u>	<u>5,774,794</u>
<i>Non-major Governmental Funds:</i>		
Special Revenue Funds	2,052,733	463,772
Capital Project Funds.....	<u>2,010,462</u>	<u>1,447,148</u>
<i>Total Non-major Governmental Funds</i>	<u>4,063,195</u>	<u>1,910,920</u>
<i>Total governmental funds</i>	<u>8,346,476</u>	<u>7,685,714</u>
<i>Proprietary Funds:</i>		
Sewer Authority	-	844,559
Water Supply Board	653,242	-
Smithfield Ice Rink.....	<u>-</u>	<u>469,445</u>
<i>Total proprietary funds</i>	<u>653,242</u>	<u>1,314,004</u>
<i>TOTAL ALL FUNDS</i>	<u>\$ 8,999,718</u>	<u>\$ 8,999,718</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

10. INTERFUND BALANCES AND TRANSFERS (Continued)

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs or capital expenditures with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer Out</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Transfer Out</u>
General Fund		\$31,677,808	\$225,273	\$31,903,081
Enterprise Funds.....	\$ 430,000			430,000
Nonmajor Governmental Funds	<u>2,555,000</u>			<u>2,555,000</u>
Total transfer in.....	<u>\$2,985,000</u>	<u>\$31,677,808</u>	<u>\$225,273</u>	<u>\$34,888,081</u>

11. DEFINED BENEFIT PENSION PLANS

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

General Information about the Pension Plan

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Benefits provided (Continued):

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

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

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

General employees

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

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

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

General employees (Continued)

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

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

Police and Fire employees

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

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

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

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Other benefit provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

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

a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.

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

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

d. The Town of Smithfield's Police Plan under MERS adopted the 20-year option and the COLA. The Fire Plan under MERS included the COLA option.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Employees covered by benefit terms.

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	General Employees (COLA) MERS Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan
Retirees and Beneficiaries	34	78	6	0
Inactive, Nonretired Members	18	24	6	0
Active Members	68	84	41	15
Total	120	186	53	15

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees under the COLA plan are required to contribute 2% while General employees under the non COLA plan contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% (10% if the employer opted to provide a COLA) of their salaries. The Town of Smithfield, Rhode Island contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The contribution rates for fiscal 2018 were determined by the actuarial valuation dated June 30, 2015.

The contribution information for the fiscal year ended June 30, 2018 for the MERS Plans is as follows:

	General Employees (COLA) MERS Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan
Employer Contributions (rounded)	\$ 342,200	\$ 260,100	\$ 230,700	\$ 73,900
Covered Payroll (rounded)	\$ 3,906,600	\$ 3,598,700	\$ 3,191,000	\$ 938,100
Percentage of annual covered payroll	8.76%	7.21%	7.23%	7.88%

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability (Asset) at the June 30, 2017 measurement date (June 30, 2016 valuation rolled forward to June 30, 2017)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	18 years at June 30, 2017
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Projected Salary Increases	<u>General Employees</u> 3.5% to 7.5%
	<u>Police & Fire Employees</u> 4% to 14%
Inflation	2.5%
Mortality	Mortality variants of the RP-2014 mortality tables – for the improvement scale, updated to the ultimate rates of MP-2016 projection scale.
Cost of Living Adjustments (COLA)	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Type of Investment	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity:		
U.S. Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth:		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income:		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class:		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection:		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPS	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection:		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

General Employees MERS COLA Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease)	
		Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 16,370,472	\$ 13,954,910	\$ 2,415,562
Changes for the Year:			
Service Cost	350,784	-	350,784
Interest on the total pension liability	1,213,691	-	1,213,691
Changes in benefits	-	-	-
Difference between expected and actual experience	(383,439)	-	(383,439)
Changes in assumptions	814,692	-	814,692
Employer contributions	-	369,799	(369,799)
Employee contributions	-	136,865	(136,865)
Net investment income	-	1,586,848	(1,586,848)
Benefit payments, including employee refunds	(726,630)	(726,630)	-
Administrative expense	-	(14,992)	14,992
Other changes in plan fiduciary net position	-	(364,240)	364,240
Net Changes	1,269,098	987,650	281,448
Balances as of June 30, 2017	<u>\$ 17,639,570</u>	<u>\$ 14,942,560</u>	<u>\$ 2,697,010</u>

General Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease)	
		Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 12,732,158	\$ 11,703,762	\$ 1,028,396
Changes for the Year:			
Service Cost	305,745	-	305,745
Interest on the total pension liability	931,498	-	931,498
Changes in benefits	-	-	-
Difference between expected and actual experience	178,948	-	178,948
Changes in assumptions	743,219	-	743,219
Employer contributions	-	258,086	(258,086)
Employee contributions	-	79,890	(79,890)
Net investment income	-	1,318,735	(1,318,735)
Benefit payments, including employee refunds	(930,114)	(930,114)	-
Administrative expense	-	(12,459)	12,459
Other changes in plan fiduciary net position	-	(29)	29
Net Changes	1,229,296	714,109	515,187
Balances as of June 30, 2017	<u>\$ 13,961,454</u>	<u>\$ 12,417,871</u>	<u>\$ 1,543,583</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Police Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 14,321,763	\$ 13,346,248	\$ 975,515
Changes for the Year:			
Service Cost	568,324	-	568,324
Interest on the total pension liability	1,083,836	-	1,083,836
Changes in benefits	-	-	-
Difference between expected and actual experience	234,180	-	234,180
Changes in assumptions	737,604	-	737,604
Employer contributions	-	202,710	(202,710)
Employee contributions	-	306,210	(306,210)
Net investment income	-	1,607,602	(1,607,602)
Benefit payments, including employee refunds	(309,560)	(309,560)	-
Administrative expense	-	(15,188)	15,188
Other changes in plan fiduciary net position	-	(35)	35
Net Changes	<u>2,314,384</u>	<u>1,791,739</u>	<u>522,645</u>
Balances as of June 30, 2017	<u>\$ 16,636,147</u>	<u>\$ 15,137,987</u>	<u>\$ 1,498,160</u>

Fire Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 1,023,405	\$ 988,809	\$ 34,596
Changes for the Year:			
Service Cost	149,503	-	149,503
Interest on the total pension liability	81,579	-	81,579
Changes in benefits	-	-	-
Difference between expected and actual experience	(55,654)	-	(55,654)
Changes in assumptions	81,099	-	81,099
Employer contributions	-	70,384	(70,384)
Employee contributions	-	82,418	(82,418)
Net investment income	-	133,010	(133,010)
Benefit payments, including employee refunds	(20,873)	(20,873)	-
Administrative expense	-	(1,257)	1,257
Other changes in plan fiduciary net position	-	(4)	4
Net Changes	<u>235,654</u>	<u>263,678</u>	<u>(28,024)</u>
Balances as of June 30, 2017	<u>\$ 1,259,059</u>	<u>\$ 1,252,487</u>	<u>\$ 6,572</u>

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
General Employees MERS COLA Plan	\$ 4,717,075	\$ 2,697,010	\$ 1,192,964
General Employees MERS Plan	\$ 3,184,615	\$ 1,543,583	\$ 321,301
Police Employees MERS Plan	\$ 3,360,266	\$ 1,498,160	\$ 112,082
Fire Employees MERS Plan	\$ 147,816	\$ 6,572	\$ (98,604)

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Pension Expense

For the year ended June 30, 2018 the Town of Smithfield recognized pension expense in the Government-Wide Statement of Activities of:

General Employees MERS COLA Plan	\$	867,100
General Employees MERS Plan	\$	467,800
Police Employees MERS Plan	\$	470,700
Fire Employees MERS Plan	\$	68,500

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

General Information about the Pension Plan

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

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

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, the Town of Smithfield's School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 who must contribute 11% of their annual covered salary. The state and the Town of Smithfield are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town of Smithfield; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Town of Smithfield, respectively. The Town of Smithfield was required to contribute 23.13% for federally funded salaries. The Town of Smithfield's School Department contributed approximately \$2,604,600, \$2,500,000, and \$2,462,000 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year. The on-behalf contribution made by the State of Rhode Island for the defined benefit plan for the fiscal year ended June 30, 2018 was approximately \$1,859,000. This amount has been included in the Fund Statements as revenue and educational expenditures for fiscal 2018.

Pension Liabilities and Pension Expense

At June 30, 2018, the Town of Smithfield reported a liability of \$32,918,275 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Town of Smithfield as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town of Smithfield were as follows:

Town of Smithfield's proportionate share of the net pension liability.....	\$32,918,275
State of Rhode Island's proportionate share of the net pension liability associated with the Town of Smithfield	<u>24,878,307</u>
Total net pension liability.....	<u>\$57,796,582</u>

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The Town of Smithfield's proportion of the net pension liability was based on a projection of the Town of Smithfield's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2017 the Town of Smithfield's proportion was 1.04367064%.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

For the year ended June 30, 2018 the Town of Smithfield recognized gross pension expense in the Government-wide financial statements of approximately \$6,156,000 and operating grants and contributions for education of \$2,857,500 for support provided by the State.

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

Inflation	2.5%
Salary increases	3.0% to 13.50%
Investment rate of return	7.0%

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

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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

(c) Teacher's Survivors Benefit Plan (TSB) – Employees' Retirement System (ERS)

General Information about the Pension Plan

Plan description - Certain employees of the Town of Smithfield's School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

11. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teacher's Survivors Benefit Plan (TSB) – Employees' Retirement System (ERS) (Continued)

General Information about the Pension Plan (Continued)

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouses's Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

11. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teacher's Survivors Benefit Plan (TSB) – Employees' Retirement System (ERS) (Continued)

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Town of Smithfield's School Department contributed approximately \$28,400, \$21,800, and \$23,100 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities/Assets and Pension Expense

At June 30, 2018 the Town of Smithfield reported an asset of \$3,061,131 for its proportionate share of the net pension asset related to its participation in TSB plan. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2017. The Town of Smithfield's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2017 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2017 the Town of Smithfield's proportion was 3.7003%.

For the year ended June 30, 2018 the Town of Smithfield recognized pension expense in the Government-wide financial statements of approximately \$645,700 – a decrease of the net pension asset.

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

Inflation	2.55%
Salary increases	3.0% to 13.50%
Investment rate of return	7.0%

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

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2016 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

**(c) Teacher's Survivors Benefit Plan (TSB) – Employees' Retirement System (ERS)
(Continued)**

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

The following applies to the Teacher's Survivors Benefit Plan and the Teachers' Pension Plan described above:

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Type of Investment	Long-Term Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return
Global Equity:		
U.S. Equity	20.60%	6.85%
International Developed Equity	15.90%	6.71%
Emerging Markets Equity	3.50%	8.91%
Private Growth:		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income:		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class:		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection:		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPS	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection:		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

**(c) Teacher's Survivors Benefit Plan (TSB) – Employees' Retirement System (ERS)
(Continued)**

The following applies to the Teacher's Survivors Benefit Plan and the Teachers' Pension Plan described above (Continued):

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

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

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Teacher's Pension Plan - ERS	\$ 41,370,407	\$ 32,918,275	\$ 26,622,782
Teachers' Survivors Benefit Plan - ERS	\$ (2,093,728)	\$ (3,061,131)	\$ (3,781,338)

(d) Police and Fire Pension Trust (Fiduciary Funds)

Police Pension Trust

The Town of Smithfield currently maintains a Police Pension Trust Fund which is administered by a private insurer and operates on a pay-as-you go basis. The plan is closed to new participants and currently includes 34 participants which include 5 disabled and 29 retirees and beneficiaries. All active members of the Town's police department were transferred into the State Municipal Plan effective July 1, 2006.

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 consecutive years producing the highest such average in the last ten years preceding normal retirement date. The normal retirement dates are as follows: Police personnel employed prior to December 1, 1987 – the earlier of age 55 or completion of 20 years of service; Police personnel employed on or after December 1, 1987 – completion of 20 years of service.

Former police employees retiring or becoming disabled on or after July 1, 1992 under this plan shall receive a COLA increase of 3% in their benefit on each anniversary date of retirement.

For the fiscal year ended June 30, 2018 the Town contributed \$2,178,681 to this plan. As noted above this plan is closed to new active employees and new participants and as a result there were no employee contributions or covered payroll for the fiscal year ended June 30, 2018.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Police Pension Trust (Continued)

The net pension liability was determined using the actuarial methods and assumptions for the valuation of the Police Pension Fund as of a valuation date of June 30, 2018 as follows:

Investment Rate of Return	7.75%, net of pension plan investment expenses (based on average inflation rate of 3% and real rate of return of 4.75%)
Inflation rate	3.0%
Plan Administrative Expenses	4% increase from prior year
Actuarial Cost Method.....	Entry Age Normal Cost Method
Asset Valuation Method	Fair market value of assets as of the measurement date.
Amortization period	Closed 20 year period beginning in 2010 – 12 years remaining.

Mortality – For male participants, 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected generationally with Scale AA from 2000, and for female participants, 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected generationally with Scale AA from 2000.

The Town does not currently issue a separate, audited GAAP basis postemployment benefit plan report for the police pension trust fund described above.

Fire Pension Trust

Fire Department employees hired prior to July 1, 2011 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. Retirement benefits are determined based in the average annual salary for the three consecutive years producing the highest such average in the last ten years preceding normal retirement date and includes base compensation only. Employees are eligible for retirement on 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. Benefits are calculated at 2.5% of the final average salary as determined above multiplied by service up to 20 years plus 2% of final average salary multiplied by service in excess of 20 years but not more than 75% of final average salary. Employees become 100% vested in the plan upon completion of ten years of service.

On or after January 1, 1994, the pension benefit for a participant is in the form of an annuity payable for the lifetime of a participant commencing in his/her retirement date. Upon death after retirement, 67 ½ % of the benefit will be continued to the surviving spouse in accordance with the terms of the plan. The pension benefit for a participant who retired prior to April 1, 1994 and who elected the Contingent Annuitant Option, shall have the pension benefit adjusted for an unreduced life annuity effective April 1, 1994. Firefighters who retire or who are placed on disability pension after July 1, 1988 are entitled to a 3% compounded cost-of-living increase on each anniversary date of their retirement. This cost-of-living increase is also available to the surviving spouse and dependents of these retirees.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Fire Pension Trust (Continued)

Disability benefits are provided under the plan upon completion of seven years of service, if the total and permanent disability is not due to occupational causes. If the participant becomes totally and permanently disabled due to occupational causes, no age or service requirements apply. The benefit is 50% of final average salary if the disability is not due to occupational causes and 66.67% of final average salary if it is due to occupational causes. Death benefits are paid to an employee's beneficiary if death occurs while the employee is still in the service of the Town. The pre-retirement death benefit to the surviving spouse is equal to 40% of the final average salary plus 10% for any dependent children with a maximum benefit of 50%. The pre-retirement death benefit is equal to 15% of the final average salary for each dependent child under age 18 with a maximum of 45% of final average salary for employees that do not have a spouse at the date of death.

Employees retiring or becoming disabled after July 1, 1998 shall receive a COLA increase of 3% in their benefit on each anniversary date of retirement. Pre-retirement survivor beneficiaries are also eligible for these increases.

The payroll for employees covered under this Town administered fire pension plan for the year ended June 30, 2018 was approximately \$2,879,000. At June 30, 2018 the plan included 76 participants which were comprised of the following: 41 active participants; 27 retirees and beneficiaries, 2 terminated vested employees not yet receiving benefit, and 6 disabled employees receiving benefits.

Fire personnel are required by the plan document and contractual obligations to contribute 10% of their base earnings, not including overtime pay. The current collective bargaining agreement between the Town and fire department personnel provides that the Town contributes 23.6% for fiscal 2018. During the year ended June 30, 2018 the Town contributed approximately \$653,300 to the plan. The Town's contribution rate increases to 24.6% in fiscal 2019.

The net pension liability was determined using the actuarial methods and assumptions for the valuation of the Fire Pension Fund as of a valuation date of June 30, 2018 as follows:

Investment rate of return	7.75%, net of investment expense, including inflation
Discount rate for net pension liability	7.65%
Salary increases.....	4.0% per annum
Inflation rate	3.0%
Retirement age.....	25% assumed to retire at 20 years of service the remainder 25 years.
Plan Administrative Expenses	4% increase from prior year
Actuarial Cost Method.....	Entry age normal cost method.
Amortization period	Closed 20 year period beginning in 2011 – 13 years remaining.
Asset Valuation Method	Fair Market Value of assets as of the measurement date.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Fire Pension Trust (Continued)

Mortality – For male participants, 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected generationally with Scale AA from 2000, and for female participants, 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected generationally with Scale AA from 2000.

Significant assumption changes were as follows for the June 30, 2018 valuation.

- Long Term Rate of Return for investments decreased from 8.50% to 7.75%.
- Municipal Bond Rate decreased from 3.13% to 2.98%.
- The discount rate assumption increased from 6.9% to 7.65%.

The Town does not currently issue a separate, audited GAAP basis postemployment benefit plan report for the fire pension trust fund described above.

Investment Policy

The Police and Fire Plan assets are invested in equities covering various sectors. These equities include domestic, foreign, and fixed income securities. The investments are managed by an investment advisor and the performance is monitored by Town officials.

Rate of Return

For the year ended June 30, 2018 the annual money-weighted weighted rate of return on pension plan investments, net of pension plan expense was 9.75% and 13.07% for the Police and Fire Pension Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

The long-term expected rate of return on the Police and Fire Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (rates shown include the inflation component).

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Rate of Return (Continued)

These rates are applicable for both the Police and Fire Pension Plan trust funds.

Asset Class:	Target Asset Allocation	Long-Term Expected Rate of Return
Domestic equity	45%	12.2%
International equity	21%	10.5%
Fixed income	34%	5.7%

Concentrations

The police and fire pension plan trust funds held investments in the following which represented 5% or more of the pension plan's fiduciary net position as of June 30, 2018.

Investment:	Fire Pension Trust Fair Market Value	% of Fiduciary Net Position	Police Pension Trust Fair Market Value	% of Fiduciary Net Position
LargeCap S&P 500 Index SA-Z	\$2,002,119	21.43%	\$5,423,588	21.13%
SmallCap S&P 600 Index SA-Z	\$676,316	7.24%	\$1,831,730	7.14%
Vanguard Emg Mk Stk Indx Adm Fund	\$689,672	7.38%	\$1,869,216	7.28%
Ishares MSCI EAFE Int Idx K Fd	\$988,859	10.59%	\$2,679,137	10.44%
Vanguard ST BD Index Fund	\$843,837	9.03%	\$2,286,814	8.91%
Vanguard ST Corp Bond Index Fund	\$996,529	10.67%	\$2,700,661	10.52%

Net Pension Liability

The net pension liability consisted of the following components at June 30, 2018:

Component:	Fire Pension Trust	Police Pension Trust
Total pension liability	\$36,171,518	\$24,083,170
Plan fiduciary net position	\$25,671,203	\$ 9,341,013
Net pension liability	\$10,500,315	\$14,742,157
Plan fiduciary net position as a percentage of the total pension liability	70.97%	38.79%

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65% and 7.75% for the Fire and Police Pension Trust Fund Plans, respectively. The projection of cash flows used to determine the discount rate assumed that Town contributions will continue to follow the pattern of contributions observed over the past five years.

Utilizing a discount rate of 7.75% for the Police Pension Trust Plan and assuming that the Town will continue to contribute 100% of the annual actuarial determined contribution resulted in the projected value of the plan assets being sufficient to cover all projected future benefit costs of the plan. Those projected benefits are assumed to exist through the plan year beginning July 1, 2096.

The June 30, 2018 actuarial valuation of the Fire Pension Trust Plan utilized a discount rate of 7.65%. Based on actuarial projected annual plan contributions and the various assumptions utilized for the actuarial valuation the Fire Pension Trust Plan is projected to run out of plan assets in fiscal 2082.

Due to the fact that the fiduciary net position of the Fire Pension Trust Plan is projected to be depleted by the year 2082, a municipal bond rate of 2.98% was used in the development of the blended GASB discount rate after that point. The 2.98% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 7.75% and the municipal bond rate of 2.98%, the blended GASB discount rate is 7.65%.

Police Pension Plan - Trust Fund	Changes in the Net Pension Liability (Asset)		
		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ 26,567,379	\$ 9,350,945	\$ 17,216,434
Changes for the Year:			
Service Cost	-	-	-
Interest on the total pension liability	1,980,181	-	1,980,181
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,477,506)	-	(1,477,506)
Changes in assumptions	-	-	-
Employer contributions	-	2,178,681	(2,178,681)
Employee contributions	-	-	-
Net investment income	-	845,159	(845,159)
Benefit payments, including employee refunds	(2,986,884)	(2,986,884)	-
Administrative expense	-	(46,888)	46,888
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>(2,484,209)</u>	<u>(9,932)</u>	<u>(2,474,277)</u>
Balances as of June 30, 2018	<u>\$ 24,083,170</u>	<u>\$ 9,341,013</u>	<u>\$ 14,742,157</u>

For the year ended June 30, 2018 the Town of Smithfield recognized negative pension expense of \$299,276 (increase to net position) in the Government-wide financial statements for the Police Pension Plan administered by the Town.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

(d) Police and Fire Pension Trust (Fiduciary Funds) (Continued)

Fire Pension Plan - Trust Fund	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2017	\$ 39,030,646	\$ 23,789,372	\$ 15,241,274
Changes for the Year:			
Service Cost	670,806	-	670,806
Interest on the total pension liability	2,671,372	-	2,671,372
Changes in benefits	-	-	-
Difference between expected and actual experience	(716,711)	-	(716,711)
Changes in assumptions	(3,762,912)	-	(3,762,912)
Employer contributions	-	653,323	(653,323)
Employee contributions	-	281,661	(281,661)
Net investment income	-	2,744,565	(2,744,565)
Benefit payments, including employee refunds	(1,721,683)	(1,721,683)	-
Administrative expense	-	(76,035)	76,035
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>(2,859,128)</u>	<u>1,881,831</u>	<u>(4,740,959)</u>
Balances as of June 30, 2018	<u>\$ 36,171,518</u>	<u>\$ 25,671,203</u>	<u>\$ 10,500,315</u>

For the year ended June 30, 2018 the Town of Smithfield recognized negative pension expense of \$1,213,001 (increase to net position) in the Government-wide financial statements for the Fire Pension Plan administered by the Town.

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

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

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Police Pension Plan - Trust Fund	\$ 17,424,945	\$ 14,742,157	\$ 12,496,786

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Fire Pension Plan - Trust Fund	\$ 15,660,343	\$ 10,500,315	\$ 6,318,730

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	General Employees MERS COLA Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan	Teacher's ERS Plan	Teachers' TSB Plan	Police Pension Plan	Fire Pension Plan	Total All Plan
Deferred Outflows of Resources:									
Contributions subsequent to measurement date	\$ 342,200	\$ 260,100	\$ 230,700	\$ 73,900	\$ 2,604,600	\$ 28,400	\$ -	\$ -	\$ 3,539,900
Difference between projected and actual earnings	284,158	253,127	203,804	3,321	831,538	195,579	-	-	1,771,527
Difference between projected and actual experience	72,319	138,586	325,093	13	-	604,137	-	44,634	1,184,782
Changes in assumptions	678,788	576,637	658,304	76,569	2,874,937	504,295	-	1,598,053	6,967,583
Changes in proportion and difference in employer contributions and proportion	-	-	-	-	2,513,481	128,026	-	-	2,641,507
Subtotal deferred outflows of resources	1,377,465	1,228,450	1,417,901	153,803	8,824,556	1,460,437	-	1,642,687	16,105,299
Deferred Inflows of Resources:									
Difference between actual and expected experience	486,789	181,513	183,453	91,190	780,414	643,262	-	684,272	3,050,893
Difference between projected and actual earnings	-	-	-	-	-	-	410,529	1,532,484	1,943,013
Changes in proportion and difference in employer contributions and proportion	-	-	-	-	1,082,199	25,020	-	-	1,107,219
Changes in assumptions	69,906	-	132,182	1,870	518,741	-	-	6,917,576	7,640,275
Subtotal deferred inflows of resources	556,695	181,513	315,635	93,060	2,381,354	668,282	410,529	9,134,332	13,741,400
Net Deferred Outflows (Inflows)	\$ 820,770	\$ 1,046,937	\$ 1,102,266	\$ 60,743	\$ 6,443,202	\$ 792,155	\$ (410,529)	\$ (7,491,645)	\$ 2,363,899

Deferred outflows of resources related to 2018 contributions to pension plans subsequent to the measurement date (June 30, 2017 where applicable) will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Other amounts noted above and reported as deferred outflows or inflows of resources at June 30, 2018 will be recognized as a component of pension expense over the following periods of time:

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	Net Deferred Outflows (Inflows) of Resources
2019.....	\$ (1,307,832)
2020.....	518,048
2021.....	(954,473)
2022.....	(760,447)
2023.....	694,849
Thereafter.....	633,854
Total.....	\$ (1,176,001)

12. DEFINED CONTRIBUTION PLAN

Plan Description:

General municipal, certified school, and noncertified school employees participating in the defined benefit plans administered by the State of Rhode Island with less than 20 years of service as of June 30, 2012, as described in Note 11, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% (7% for certified teachers) of their annual covered salary and employers contribute between 1% and 1.5% (3% to 3.5% for certified teachers) of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The plan members and Town contributed approximately \$1,474,000 and \$517,200, respectively, during the fiscal year ended June 30, 2018. The employer contribution of \$517,200 consisted of approximately \$36,000 for general municipal employees, \$37,000 for noncertified school employees, and \$444,200 for certified teachers.

Although the Town (School Department) is required to contribute 3% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of 1% to 1.5% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2018 amounted to approximately \$74,800.

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TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

12. DEFINED CONTRIBUTION PLAN (Continued)

The Town of Smithfield recognized pension expense of approximately \$592,000 for the fiscal year ended June 30, 2018 including the amount reimbursed by the State of Rhode Island and included as on-behalf revenue.

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST

In addition to the pension benefits described above, the Town (including the Smithfield Public Schools) provides other post-employment health care benefits in accordance with terms specified in contractual obligations of the Town and School Department. The benefits included in these employment contracts are for continued full family or individual health care for employee groups as described below. Retiree medical and dental coverage is only to age 65. (Post -65 is handled by Cobra.) The actuarial valuations of the other post-retirement benefits involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarial determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. These actuarial valuations reflect a long-term perspective of benefit funding.

The Town's OPEB plan is administered as a single-employer plan. The benefits, by employee group are described below:

Town Employees (all departments)

Eligibility for these benefits is upon retirement of the employee at Age 58 with 20 years of service or any years of service when retirement is the result of accidental disability for all Town participants excluding police and fire personnel. Police and Fire personnel are eligible after 20 years of service (or any years of service for accidental disability retirement). Town participants do not share in the cost of the post-retirement costs. Active employees keep their current coverage (family or individual) after they retire, unless the plan provisions specify that only individual coverage can be provided for their division.

School Employees

School Department personnel also receive medical coverage through age 65. School employees are eligible for the benefits as follows: If hired before 6/20/1989 attainment of age 60 with 15 years of service; If hired after 6/19/1989 either (a) age 60 with 20 years of service or (b) 28 years of service with at least 15 years with the Smithfield Public Schools. School Department personnel share in the cost of these benefits as follows: (1) 0% co-share if hired before June 20, 1989 and the employee is age 60 with 20 years of service or 28 years of service with at least 15 years with the Smithfield Public School. If the employee does not meet the requirements above then the co-share is 0% at the time of retirement but the employee is then responsible for 100% of all increases in post-retirement costs. (2) If hired after June 19, 1989 and before July 1, 1992 the co-share is 0% if the employee has 28 years of service with at least 15 years with the Smithfield Public Schools. The co-share is 50% of the costs for employees that do not meet the 28 year service requirement. (3) if hired after June 30, 1992 and employee is age 60 with 20 years of service or 28 years of service with at least 15 of those years with Smithfield Public Schools then the retiree receives benefits limited to \$5,000 annually.

Number of Participants

As of July 1, 2018 (most recent available) there were approximately 543 participants included in the valuation analysis completed by the Town's actuary. The participants consisted of 485 active plan members and 58 inactive plan members or beneficiaries currently receiving benefits.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST (Continued)

Net OPEB Liability:

The following is a summary of the net OPEB liability as of June 30, 2018 measured as of June 30, 2018 with a valuation date of July 1, 2018:

Total OPEB Liability	\$ 44,487,218
OPEB Plan Fiduciary Net Position	3,348,833
Net OPEB Liability	<u>\$ 41,138,385</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	<u>7.53%</u>

Changes in the Net OPEB Liability:

	Changes in the Net OPEB Liability		
	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2017	\$ 42,130,000	\$ 2,933,000	\$ 39,197,000
Changes for the Year:			
Service Cost	1,354,976	-	1,354,976
Interest on the total OPEB liability	1,297,215	-	1,297,215
Changes in benefits	-	-	-
Difference between expected and actual experience	(1,947,270)	-	(1,947,270)
Changes in assumptions	2,773,187	-	2,773,187
Employer contributions	-	1,280,410	(1,280,410)
Employee contributions	-	-	-
Net investment income	-	256,313	(256,313)
Benefit payments	(1,120,890)	(1,120,890)	-
Administrative expense	-	-	-
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>2,357,218</u>	<u>415,833</u>	<u>1,941,385</u>
Balances as of June 30, 2018	<u>\$ 44,487,218</u>	<u>\$ 3,348,833</u>	<u>\$ 41,138,385</u>

Discount Rate:

The projection of cash flows used to determine the discount rate assumed that the Town of Smithfield will contribute at a rate equal to the average contributions made over the most recent five year period, and that the contributions apply first to service cost of current and future plan members and then to past service costs. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2019. After that time, benefit payments for current plan members will be funded in a pay-as-you go basis. The discount rate is the single equivalent rate which results in the same present value as discounting future benefit payments made from assets at the long term expected rate of return and discounting future benefit payments funded on a pay-as-you go basis on the municipal bond 20-year index rate. The single equivalent discount rate used in the valuation was 3.0% while the indexed rate was 2.98%.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST (Continued)

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

The following presents the net OPEB Liability as of June 30, 2018 calculated using an assumed discount rate of 3.0% as described above. The schedule also presents what the liability would be using a discount rate that is 1% higher and 1% lower than the current assumed rate. The assumed discount rate of 3.0% was decreased from the discount rate of 3.14% which was assumed for the net OPEB liability as of the beginning of the year.

	Ending Net OPEB Liability		
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Town of Smithfield OPEB Plan	\$ 45,884,880	\$ 41,138,385	\$ 36,962,001

Long Term Expected Rate of Return:

The actuarial valuation as of July 1, 2018 uses a long term rate of return 7.01% per annum, net of investment expenses and including inflation (see final discount rate utilized as discussed above). This is the long term rate of return assumption on plan assets. A cash flow analysis indicates that the assets will be sufficient to pay all future benefit payments for current participants until 2019 based on the assumed contribution policy.

The long term rate of return is based on the target asset allocation of the Fund's investment policy and was estimated based on returns for similarly situated plans. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long term expected rates of return for each major asset class included in the target asset allocation are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity	48.3%	8.0%
Non-U.S. Equity	20.7%	8.6%
U.S. Aggregate Bonds	9.0%	3.6%
Intermediate-Term Credit	5.4%	4.2%
Short-Term Credit	3.6%	3.9%
Intermediate-Term TIPS	5.0%	2.7%
REITs	8.0%	6.8%

The annual money-weighted rate of return, net of investment expenses for the OPEB Trust Fund plan was 8.51% for fiscal 2018. The money-weighted rate of return considers the changing amounts actually invested during a period and assumes that contributions and expenses are paid in the middle of the plan year.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST (Continued)

Healthcare Trend Rates:

Healthcare cost trend rates refers to an assumption of the annual rates of change in the cost of health care benefits which are currently provided by the Postemployment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. The Health Care Cost Trend Rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants. The actuarial valuation utilized a trend rate of 7.5% down by the getzen model to 3.84%.

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

The following presents the net OPEB Liability as of June 30, 2018 calculated using an assumed healthcare trend rate of 7.5% down by the getzen model to 3.84% as described above. The schedule also presents what the liability would be using a healthcare trend rate that is 1% higher and 1% lower than the current assumed rate.

	Ending Net OPEB Liability		
	1% Decrease 6.5% decreasing to 2.84%	Healthcare Trend Rate 7.5% decreasing to 3.84%	1% Increase 8.5% decreasing to 4.84%
Town of Smithfield OPEB Plan	\$ 36,422,515	\$ 41,138,385	\$ 46,721,463

OPEB Expense:

For the fiscal year ended June 30, 2018 the Town's Government-Wide Statement of Activities recognized OPEB expense of approximately \$2,258,500.

Deferred Outflows (Inflows) of Resources Related to OPEB Plan:

In accordance with GASB Statement No. 75, the Town of Smithfield recognized deferred outflows (inflows) of resources related to its' OPEB plan at June 30, 2018 in the Government-Wide Statement of Net Position as follows:

Deferred Outflows of Resources:	
Changes in assumptions	\$ 659,548
Deferred Inflows of Resources:	
Difference between expected and actual experience	(2,099,693)
Difference between projected and actual investment earnings	(99,968)
Total Deferred Inflows of Resources June 30, 2018	<u>(2,199,661)</u>
Net Deferred Outflows (Inflows) of Resources at June 30, 2018	<u>\$ (1,540,113)</u>

The amounts noted above and reported as deferred outflows (inflows) of resources at June 30, 2018 will be recognized as a component of OPEB expense in the Government-Wide Statement of Activities over the following periods of time:

- Closed 5 year period beginning in the current period for the deferred inflows of resources related to the difference between projected and actual investment earnings.
- Changes in assumptions and difference between expected and actual experience will be amortized over a closed period of time equal to the remaining service lives of all employees that are provided with benefits through the plan.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST (Continued)

Deferred Outflows (Inflows) of Resources Related to OPEB Plan (Continued):

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

OPEB Plan	Net Deferred Outflows (Inflows)
2019.....	\$ (188,088)
2020.....	(188,088)
2021.....	(188,088)
2022.....	(168,288)
2023.....	(158,146)
Thereafter.....	(649,415)
Total	\$ (1,540,113)

Assumptions:

The following is a summary of some of the actuarial methods and assumptions related to the OPEB plan administered by the Town of Smithfield as of June 30, 2018. A complete copy of the actuarial valuation can be obtained by contacting the Town Manager's office.

Valuation date	July 1, 2018
Actuarial Cost Method	Entry Age Actuarial Cost Method.
Asset Valuation Method	Market Value as of June 30, 2018
Discount Rate	Single equivalent interest rate of 3.00%
Index Rate	2.98%
Long-term expected rate of return	7.01%
Aging Assumption	4%
Salary increases	Town Employees range from 3.75% to 7.5% Public Safety Employees range from 4% to 14% School Employees range from 3.5% to 13.5%
Healthcare Cost Trends	7.5% per year graded down by Getzen model to ultimate rate of 3.84% per year after 60 years.
Retirement	For Town employees a flat 25% for members eligible for unreduced retirement. 50% probability at first eligibility will be applied if they have reached age 65 or with at least 25 years of service. For police and fire employees, members are assumed to retire upon reaching age 65 with at least 10 year of service. Rates of retirement fluctuate from 10% to 35% with service years between 20 and 30 or more years. School employees are assumed with a flat 25% retirement probability for members eligible for unreduced retirement and a 60% retirement probability at first eligibility will be applied only if they have reached age 65 or with at least 25 years of service.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST (Continued)

Concentrations

The OPEB Trust Fund held investments in the following which represented 5% or more of the OPEB plan's fiduciary net position as of June 30, 2018.

<i>Investment:</i>	<i>Market Value:</i>	<i>% of OPEB Net Position:</i>
Vanguard Total Stock Market Index Fund	\$1,616,856	48.3%
Vanguard Total International Stock Market Index Fund	\$692,938	20.7%
Vanguard Total Bond Market Index Fund	\$301,278	9.0%
Vanguard REIT Index Fund	\$267,802	8.0%
Vanguard Intermediate-Term Investment Grade Fund	\$180,767	5.4%
Vanguard Inflation-Protected Securities Fund	\$167,376	5.0%

14. COMBINING STATEMENTS - PENSION AND OPEB TRUST FUNDS

At June 30, 2018, the Town of Smithfield maintained two Pension Trust Funds and one OPEB Trust Fund which are reported in a single column in the Fiduciary Fund exhibits. Separate financial statements are not prepared for these Trust Funds. Accordingly, presented below are the Combining Statements of Fiduciary Net Position, and Changes in Fiduciary Net Position for these trust funds.

***Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2018***

	Police Pension Trust Fund	Fire Pension Trust Fund	OPEB Trust Fund	Total Pension & OPEB Trust Funds
ASSETS				
Other receivables	\$ 101,997	\$ 88,909	\$ 1,304	\$ 192,210
<i>Investments, at fair value:</i>				
Mutual funds	9,239,015	25,582,293	3,347,529	38,168,837
TOTAL ASSETS	<u>9,341,012</u>	<u>25,671,202</u>	<u>3,348,833</u>	<u>38,361,047</u>
LIABILITIES				
Other payables & accrued expenses	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for Pensions	9,341,012	25,671,202		35,012,214
Restricted for OPEB	-	-	3,348,833	3,348,833
TOTAL NET POSITION	<u>\$ 9,341,012</u>	<u>\$ 25,671,202</u>	<u>\$ 3,348,833</u>	<u>\$ 38,361,047</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

14. COMBINING STATEMENTS - PENSION AND OPEB TRUST FUNDS (Continued)

*Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the Year Ended June 30, 2018*

	Police Pension Trust Fund	Fire Pension Trust Fund	OPEB Trust Fund	Total Pension & OPEB Trust Funds
ADDITIONS:				
Contributions				
Employee contributions	\$ -	\$ 281,661	\$ 30,344	\$ 312,005
Employer contributions	2,178,681	653,323	1,280,410	4,112,414
Total contributions	<u>2,178,681</u>	<u>934,984</u>	<u>1,310,754</u>	<u>4,424,419</u>
Investment earnings:				
Realized and unrealized gains (losses)	86,370	266,938	14,357	367,665
Interest and dividends	758,826	2,477,626	225,199	3,461,651
Total investment earnings	<u>845,196</u>	<u>2,744,564</u>	<u>239,556</u>	<u>3,829,316</u>
Total additions	<u>3,023,877</u>	<u>3,679,548</u>	<u>1,550,310</u>	<u>8,253,735</u>
DEDUCTIONS:				
Benefits paid	2,986,922	1,721,683	1,120,890	5,829,495
Operating expenses	46,888	76,035	13,244	136,167
TOTAL DEDUCTIONS	<u>3,033,810</u>	<u>1,797,718</u>	<u>1,134,134</u>	<u>5,965,662</u>
CHANGE IN NET POSITION	(9,933)	1,881,830	416,176	2,288,073
NET POSITION - BEGINNING OF YEAR	9,350,945	23,789,372	2,932,657	36,072,974
NET POSITION - END OF YEAR	<u>\$ 9,341,012</u>	<u>\$ 25,671,202</u>	<u>\$ 3,348,833</u>	<u>\$ 38,361,047</u>

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 this plan on its financial statements in accordance with GASB No. 32, "Accounting for Internal Revenue Code Section 457 Deferred Compensation Plans", since the Town does not have fiduciary responsibility for this plan. The Plan, available to all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

16. 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 through the Rhode Island Interlocal Risk Management Trust (The Trust). The Trust is a not-for-profit organization formed to provide programs of health insurance, dental insurance, and liability insurance coverage to Rhode Island Cities, Towns, and other governmental units. Upon joining The Trust members execute an agreement that outlines the rights and responsibilities of both the members and The Trust. Members of The Trust participate in the health insurance plan administered through Blue Cross Blue Shield of Rhode Island and the dental plan administered through Delta Dental of Rhode Island.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

16. RISK MANAGEMENT (Continued)

Health Care (Continued)

Using rates calculated by both Blue Cross Blue Shield of Rhode Island and Delta Dental of Rhode Island, The Trust sets annual contribution rates (premiums) for the subscribers of each member for each plan offered. The agreement executed with The Trust requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the participating community. The contributions of each member community are deposited into separate health and dental pools which are used to pay for claims, reinsurance, and all administrative expenses. The agreement with The Trust provides for an annual independent audit of its financial statements. The Trust retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$1,000,000.

Unemployment

The Town is self-insured for unemployment benefits. As of June 30, 2018 management does not believe that there are any incurred but not reported claims that are required to be accrued in the Government-Wide Statement of Net Position.

Other Insurance

The Town receives coverage for its property and liability expenses and for its workers' compensation expenses through The Trust. During the fiscal year ended June 30, 2018, the Town paid premiums of approximately \$164,000 and \$269,000, for its workers' compensation and property and liability coverage, respectively. At June 30, 2018 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 parameter of the policy maintained by The Trust.

At June 30, 2018 management of the Town is unable to estimate the potential exposure, if any, for outstanding claims which may fall outside the parameter of the insurance policies. Accordingly no liability for claims or judgments has been reported in the Government-Wide Statement of Net Position.

17. COMMITMENTS AND CONTINGENCIES

Liabilities for legal cases and other claims against the Town are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. At June 30, 2018 the Town (including the School Department) has a number of legal cases and claims in process. These cases include claims made by former employees, zoning matters brought about by taxpayers of the Town, matters pertaining to planning and development posed by property developers, and personal injury and property damage claims. Management and legal counsel have reviewed these outstanding claims and determined that the estimated liability, if any, that may result from these claims would not materially affect the basic financial statements of the Town. As such, the Statement of Net Position at June 30, 2018 does not include any liability for claims, judgments, or unasserted claims.

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

(CONCLUDED)

TOWN OF SMITHFIELD

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Original Budget	Revised Budget	Carryover of Prior Year Balance	Final Budget	Actual Revenues	Positive (Negative) Variance
General property taxes						
Property taxes	\$ 58,109,058	\$ 58,109,058	\$ -	\$ 58,109,058	\$ 57,666,227	\$ (442,831)
Total general property taxes	<u>58,109,058</u>	<u>58,109,058</u>	<u>-</u>	<u>58,109,058</u>	<u>57,666,227</u>	<u>(442,831)</u>
Intergovernmental revenues						
State aid for education	6,207,913	6,207,913	-	6,207,913	6,259,967	52,054
School housing aid	200,000	200,000	-	200,000	509,198	309,198
Payment-in-Lieu of taxes	718,669	718,669	-	718,669	768,669	50,000
State hotel and meals tax	1,087,611	1,087,611	-	1,087,611	976,227	(111,384)
Motor vehicle phase-out	255,759	255,759	-	255,759	853,791	598,032
Public utilities tax	276,509	276,509	-	276,509	268,766	(7,743)
Total intergovernmental revenues	<u>8,746,461</u>	<u>8,746,461</u>	<u>-</u>	<u>8,746,461</u>	<u>9,636,618</u>	<u>890,157</u>
Licenses, fees and permits	<u>770,000</u>	<u>770,000</u>	<u>-</u>	<u>770,000</u>	<u>961,471</u>	<u>191,471</u>
Interest income:						
Interest - short-term investments	75,000	75,000	-	75,000	93,575	18,575
Interest on taxes	280,000	280,000	-	280,000	305,993	25,993
Total interest income	<u>355,000</u>	<u>355,000</u>	<u>-</u>	<u>355,000</u>	<u>399,568</u>	<u>44,568</u>
Departmental revenue:						
School department	350,000	350,000	-	350,000	403,173	53,173
Miscellaneous	200,000	200,000	-	200,000	256,154	56,154
Total departmental revenues	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>659,327</u>	<u>109,327</u>
Total revenues before other financing sources	<u>68,530,519</u>	<u>68,530,519</u>	<u>-</u>	<u>68,530,519</u>	<u>69,323,211</u>	<u>792,692</u>
Other financing sources						
Appropriated fund balance	600,000	600,000	4,065,294	4,665,294	4,665,294	-
Transfer from other funds	3,155,000	3,155,000	-	3,155,000	2,985,000	(170,000)
Total other financing sources	<u>3,755,000</u>	<u>3,755,000</u>	<u>4,065,294</u>	<u>7,820,294</u>	<u>7,650,294</u>	<u>(170,000)</u>
Total revenue and other financing sources	<u>72,285,519</u>	<u>72,285,519</u>	<u>4,065,294</u>	<u>76,350,813</u>	<u>76,973,505</u>	<u>622,692</u>

(Continued)

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
General Government:							
Town Administration and Solicitor	909,307	78,770	988,077	1,027,802	76,208	1,104,010	(115,933)
Building Inspectors Office	388,116	-	388,116	364,154	-	364,154	23,962
Tax Assessor's Office	303,824	-	303,824	306,021	-	306,021	(2,197)
Treasurer / Tax Collectors Office	660,006	-	660,006	602,801	-	602,801	57,205
Town Clerks Office	404,261	-	404,261	373,935	-	373,935	30,326
Town Hall expense	190,746	142,767	333,513	163,065	143,758	306,823	26,690
Municipal Planners Office & Town Engineer	460,920	404,595	865,515	414,710	381,523	796,233	69,282
Board of Canvassers/Elections	19,000	-	19,000	2,783	-	2,783	16,217
Conservation Commission/Green Acre	17,750	-	17,750	13,857	-	13,857	3,893
Town Boards and Commissions	32,195	-	32,195	10,741	-	10,741	21,454
Total General Government	3,386,125	626,132	4,012,257	3,279,869	601,489	3,881,358	130,899
Public Safety:							
Police Department	8,990,397	-	8,990,397	9,119,648	-	9,119,648	(129,251)
Fire Department	7,827,476	-	7,827,476	8,253,219	-	8,253,219	(425,743)
Animal Control	182,802	-	182,802	197,193	-	197,193	(14,391)
Emergency Management Agency	19,066	9,298	28,364	11,813	10,619	22,432	5,932
Total Public Safety	17,019,741	9,298	17,029,039	17,581,873	10,619	17,592,492	(563,453)
Public Works:							
Payroll and operating expense	2,196,918	-	2,196,918	1,861,984	15,808	1,877,792	319,126
Rubbish and recycling collection	992,000	-	992,000	1,029,085	-	1,029,085	(37,085)
Street lights	350,000	-	350,000	429,375	-	429,375	(79,375)
Hydrant service	250,000	1,515	251,515	298,376	-	298,376	(46,861)
Highway resurfacing	600,000	283,038	883,038	752,151	84,026	836,177	46,861
Highway drainage	35,000	223,269	258,269	28,929	229,340	258,269	-
Landfill program	110,000	397,781	507,781	202,202	305,579	507,781	-
Total Public Works	4,533,918	905,603	5,439,521	4,602,102	634,753	5,236,855	202,666
Public Health and Assistance:							
General Public Assistance	11,040	-	11,040	-	-	-	11,040
Total Public Health and Assistance	11,040	-	11,040	-	-	-	11,040

(Continued)

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
Recreation:							
Parks and Recreation Department	705,076	5,533	710,609	626,930	16,768	643,698	66,911
Debt Service:							
Redemption of Bonds and Notes	1,585,000	1,021,432	2,606,432	1,585,000	1,021,432	2,606,432	-
Financing cost and other use	-	112,976	112,976	3,950	109,026	112,976	-
Interest on Bonds and Notes	804,575	1,057,117	1,861,692	801,575	1,060,117	1,861,692	-
Total Debt Service	<u>2,389,575</u>	<u>2,191,525</u>	<u>4,581,100</u>	<u>2,390,525</u>	<u>2,190,575</u>	<u>4,581,100</u>	<u>-</u>
Miscellaneous - Town:							
Retirement Fund	50,000	-	50,000	76,100	-	76,100	(26,100)
Computer expenses	111,755	242,331	354,086	203,542	150,544	354,086	-
Social Security Taxes	15,000	-	15,000	-	-	-	15,000
Audit services	62,500	-	62,500	58,185	-	58,185	4,315
Unemployment Compensation	30,000	-	30,000	6,776	-	6,776	23,224
Post employment escrow	150,000	-	150,000	150,000	-	150,000	-
Insurance	590,246	-	590,246	619,184	-	619,184	(28,938)
Medical insurance retirees	934,645	-	934,645	815,528	-	815,528	119,117
Dental insurance retirees	42,277	-	42,277	37,853	-	37,853	4,424
Work related injury coverage	77,625	-	77,625	-	-	-	77,625
Postage	40,000	-	40,000	25,800	-	25,800	14,200
Town aided programs	47,950	-	47,950	47,950	-	47,950	-
Sewer Assessments and Handicapped Access	1,400	68,516	69,916	7,753	62,076	69,829	87
Senior Activities Center	451,954	16,356	468,310	445,823	16,961	462,784	5,526
Reserve for Unpaid Taxes and Abatements	100,000	-	100,000	-	-	-	100,000
Capital Expenditures - prior reserves	-	-	-	1,051,748	-	1,051,748	(1,051,748)
Total Miscellaneous - Town	<u>2,705,352</u>	<u>327,203</u>	<u>3,032,555</u>	<u>3,546,242</u>	<u>229,581</u>	<u>3,775,823</u>	<u>(743,268)</u>
Municipal Capital Improvements	<u>1,496,745</u>	<u>-</u>	<u>1,496,745</u>	<u>1,086,031</u>	<u>-</u>	<u>1,086,031</u>	<u>410,714</u>

(Continued)

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	<u>Original Budgeted Expenditures</u>	<u>Carryover of Prior Year Balance</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>GAAP Reclass Budgetary Entries RUBS</u>	<u>Budget Basis Actual Expenditures</u>	<u>Positive (Negative) Variance</u>
Transfers to other funds:							
School unrestricted fund -appropriation	31,677,808	-	31,677,808	31,677,808	-	31,677,808	-
School miscellaneous revenue	350,000	-	350,000	403,173	-	403,173	(53,173)
State aid for education	6,240,727	-	6,240,727	6,259,967	-	6,259,967	(19,240)
East Smithfield Neighborhood Center	19,979	-	19,979	19,979	-	19,979	-
East Smithfield Public Library	540,288	-	540,288	540,288	-	540,288	-
Greenville Public Library	834,145	-	834,145	834,145	-	834,145	-
Municipal Escrow	100,000	-	100,000	-	-	-	100,000
Revaluation Escrow	5,000	-	5,000	-	-	-	5,000
Merit Escrow	100,000	-	100,000	-	-	-	100,000
Retirement Escrow	50,000	-	50,000	-	-	-	50,000
Capital Reserve Fund	120,000	-	120,000	-	-	-	120,000
Transfer to Other Funds	-	-	-	41,544	-	41,544	(41,544)
Total transfers	<u>40,037,947</u>	<u>-</u>	<u>40,037,947</u>	<u>39,776,904</u>	<u>-</u>	<u>39,776,904</u>	<u>261,043</u>
Total Expenditures and other financing uses	<u>72,285,519</u>	<u>4,065,294</u>	<u>76,350,813</u>	<u>72,890,476</u>	<u>3,683,785</u>	<u>76,574,261</u>	<u>(223,448)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,083,029</u>	<u>\$ (3,683,785)</u>	<u>\$ 399,244</u>	<u>\$ 399,244</u>

TOWN OF SMITHFIELD, RHODE ISLAND

**Notes to Required Supplementary Information
Reconciliation of GAAP to Budgetary Basis
General Fund**

For the Year Ended June 30, 2018

Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis (Exhibit RSI-1)	\$ 399,244
Less reappropriation of fund balance and prior year RUBS which are reported as revenue for budget purposes but not reported in accordance with GAAP.	(4,665,294)
Add amounts reported as expenditures for budget purposes but which represent RUBS for carryover to future years. These are not GAAP expenditures.	3,683,785
Add net increase in fund balance for the fiscal year ended June 30, 2018 for the Inspection Fees Fund which is not considered part of the General Fund for budgetary purposes but which is consolidated into the General Fund in accordance with GAAP and Governmental Accounting Standards Board Statement #54.	9
Deficiency of revenues and other financing sources over expenditures and other financing uses, GAAP basis (Exhibit B-2)	<u><u>\$ (582,256)</u></u>

TOWN OF SMITHFIELD, RHODE ISLAND**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Unrestricted Fund - Budgetary Basis**

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State aid - Intergovernmental	\$ 6,260,710	\$ 6,260,710	\$ 6,260,710	\$ -
Medicaid, Tuition, and Miscellaneous	350,000	389,000	403,173	14,173
Total revenues	<u>6,610,710</u>	<u>6,649,710</u>	<u>6,663,883</u>	<u>14,173</u>
Expenditures:				
Salaries	23,416,494	23,049,984	23,013,837	36,147
Employee benefits	8,553,410	8,443,566	8,290,368	153,198
Purchased services	4,903,838	5,106,755	4,910,668	196,087
Supplies and materials	1,114,808	1,270,432	1,300,731	(30,299)
Other	55,718	49,904	46,055	3,849
Capital outlay	539,993	702,620	910,255	(207,635)
Total expenditures	<u>38,584,261</u>	<u>38,623,261</u>	<u>38,471,914</u>	<u>151,347</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(31,973,551)</u>	<u>(31,973,551)</u>	<u>(31,808,031)</u>	<u>165,520</u>
Other financing sources (uses):				
Operating transfer from Town appropriation	31,227,808	31,227,808	31,227,808	-
Operating transfer from Town for capital	450,000	450,000	450,000	-
Use of June 30, 2017 fund balance	295,743	295,743	295,743	-
Total other financing sources (uses)	<u>31,973,551</u>	<u>31,973,551</u>	<u>31,973,551</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,520</u>	<u>\$ 165,520</u>

Reconciliation of Budgetary Basis to GAAP Basis:

Excess of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis (RSI-2)	\$ 165,520
Less use of June 30, 2017 fund balance	(295,743)
Revenues and other financing sources under expenditures and other financing uses - GAAP Basis (Exhibit B-2)	<u>\$ (130,223)</u>

Note: State aid revenue and purchased services expenditures budget and actual includes \$743 for budgetary reporting purposes. However, for GAAP reporting the \$743 is reported as a Special Revenue Fund - School Restricted - English Learner Categorical.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:				
Service cost	\$ 350,784	\$ 327,954	\$ 320,251	\$ 332,297
Interest	1,213,691	1,172,886	1,089,965	1,048,556
Changes of benefit terms	-	-	259,090	-
Differences between expected and actual experience	(383,439)	(248,848)	135,517	-
Changes in assumptions	814,692	-	-	(133,298)
Benefit payments	<u>(726,630)</u>	<u>(712,041)</u>	<u>(694,093)</u>	<u>(684,734)</u>
Net change in total pension liability	1,269,098	539,951	1,110,730	562,821
Total pension liability - beginning of year	<u>16,370,472</u>	<u>15,830,521</u>	<u>14,719,791</u>	<u>14,156,970</u>
Total pension liability - ending of year (a)	<u>\$ 17,639,570</u>	<u>\$ 16,370,472</u>	<u>\$ 15,830,521</u>	<u>\$ 14,719,791</u>
Plan fiduciary net position:				
Contribution - employer	\$ 369,799	\$ 372,459	\$ 372,945	\$ 289,607
Contribution - employee	136,865	134,625	74,217	66,806
Net investment income	1,586,848	(4,844)	333,731	1,878,173
Benefit payments, including refunds of employee contributions	(726,630)	(712,041)	(694,093)	(684,734)
Administrative expenses	(14,992)	(13,030)	(13,392)	(11,761)
Other changes in plan fiduciary net position	<u>(364,240)</u>	<u>(62,907)</u>	<u>65,665</u>	<u>-</u>
Net change in plan fiduciary net position	987,650	(285,738)	139,073	1,538,091
Plan fiduciary net position - beginning of year	<u>13,954,910</u>	<u>14,240,648</u>	<u>14,101,575</u>	<u>12,563,484</u>
Plan fiduciary net position - ending of year (b)	<u>\$ 14,942,560</u>	<u>\$ 13,954,910</u>	<u>\$ 14,240,648</u>	<u>\$ 14,101,575</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 2,697,010</u>	<u>\$ 2,415,562</u>	<u>\$ 1,589,873</u>	<u>\$ 618,216</u>
Plan fiduciary net position as a percentage of the total pension liability	84.71%	85.24%	89.96%	95.80%
Covered payroll	\$ 3,880,359	\$ 3,718,298	\$ 3,710,901	\$ 3,584,647
Net pension liability as a percentage of covered payroll	69.50%	64.96%	42.84%	17.25%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as % of Covered Payroll</u>
6/30/2014	\$ 289,607	\$ 289,607	\$ -	\$ 3,584,647	8.08%
6/30/2015	\$ 372,945	\$ 372,945	\$ -	\$ 3,710,901	10.05%
6/30/2016	\$ 372,459	\$ 372,459	\$ -	\$ 3,718,298	10.02%
6/30/2017	\$ 369,799	\$ 369,799	\$ -	\$ 3,880,359	9.53%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:				
Service cost	\$ 305,745	\$ 290,748	\$ 288,948	\$ 315,326
Interest	931,498	919,058	905,793	877,404
Changes of benefit terms	-	-	172,051	-
Differences between expected and actual experience	178,948	(144,625)	(344,400)	-
Changes in assumptions	743,219	-	-	21,275
Benefit payments	(930,114)	(883,523)	(809,304)	(835,313)
Net change in total pension liability	1,229,296	181,658	213,088	378,692
Total pension liability - beginning of year	12,732,158	12,550,500	12,337,412	11,958,720
Total pension liability - ending of year (a)	<u>\$ 13,961,454</u>	<u>\$ 12,732,158</u>	<u>\$ 12,550,500</u>	<u>\$ 12,337,412</u>
Plan fiduciary net position:				
Contribution - employer	\$ 258,086	\$ 266,690	\$ 267,616	\$ 239,838
Contribution - employee	79,890	81,209	64,236	63,703
Net investment income	1,318,735	2,765	287,538	1,669,363
Benefit payments, including refunds of employee contributions	(930,114)	(883,523)	(809,304)	(835,313)
Administrative expenses	(12,459)	(17,756)	(11,468)	(10,454)
Other changes in plan fiduciary net position	(29)	(15,140)	(62,902)	(62,377)
Net change in plan fiduciary net position	714,109	(565,755)	(264,284)	1,064,760
Plan fiduciary net position - beginning of year	11,703,762	12,269,517	12,533,801	11,469,041
Plan fiduciary net position - ending of year (b)	<u>\$ 12,417,871</u>	<u>\$ 11,703,762</u>	<u>\$ 12,269,517</u>	<u>\$ 12,533,801</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 1,543,583</u>	<u>\$ 1,028,396</u>	<u>\$ 280,983</u>	<u>\$ (196,389)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.94%	91.92%	97.76%	101.59%
Covered payroll	\$ 3,356,151	\$ 3,139,827	\$ 3,137,333	\$ 3,185,110
Net pension liability as a percentage of covered payroll	45.99%	32.75%	8.96%	-6.17%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

Fiscal Year Ending	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
6/30/2014	\$ 239,838	\$ 239,838	\$ -	\$ 3,185,110	7.53%
6/30/2015	\$ 267,616	\$ 267,616	\$ -	\$ 3,137,333	8.53%
6/30/2016	\$ 266,690	\$ 266,690	\$ -	\$ 3,139,827	8.49%
6/30/2017	\$ 258,086	\$ 258,086	\$ -	\$ 3,356,151	7.69%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:				
Service cost	\$ 568,324	\$ 523,160	\$ 471,726	\$ 451,642
Interest	1,083,836	1,005,633	849,179	786,421
Changes of benefit terms	-	-	818,130	-
Differences between expected and actual experience	234,180	(230,013)	165,545	-
Changes in assumptions	737,604	-	-	(183,362)
Benefit payments	(309,560)	(247,765)	(240,722)	(215,212)
Net change in total pension liability	2,314,384	1,051,015	2,063,858	839,489
Total pension liability - beginning of year	14,321,763	13,270,748	11,206,890	10,367,401
Total pension liability - ending of year (a)	<u>\$ 16,636,147</u>	<u>\$ 14,321,763</u>	<u>\$ 13,270,748</u>	<u>\$ 11,206,890</u>
Plan fiduciary net position:				
Contribution - employer	\$ 202,710	\$ 204,399	\$ 204,685	\$ 133,929
Contribution - employee	306,210	293,689	230,955	227,478
Net investment income	1,607,602	(4,632)	307,305	1,681,302
Benefit payments, including refunds of employee contributions	(309,560)	(247,765)	(240,722)	(215,212)
Administrative expenses	(15,188)	(12,462)	(12,648)	(10,528)
Other changes in plan fiduciary net position	(35)	(2)	2	-
Net change in plan fiduciary net position	1,791,739	233,227	489,577	1,816,969
Plan fiduciary net position - beginning of year	13,346,248	13,113,021	12,623,444	10,806,475
Plan fiduciary net position - ending of year (b)	<u>\$ 15,137,987</u>	<u>\$ 13,346,248</u>	<u>\$ 13,113,021</u>	<u>\$ 12,623,444</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 1,498,160</u>	<u>\$ 975,515</u>	<u>\$ 157,727</u>	<u>\$ (1,416,554)</u>
Plan fiduciary net position as a percentage of the total pension liability	90.99%	93.19%	98.81%	112.64%
Covered payroll	\$ 3,062,091	\$ 2,947,382	\$ 2,886,942	\$ 2,753,917
Net pension liability as a percentage of covered payroll	48.93%	33.10%	5.46%	-51.44%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

Fiscal Year Ending	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
6/30/2014	\$ 133,929	\$ 133,929	\$ -	\$ 2,753,917	4.86%
6/30/2015	\$ 204,685	\$ 204,685	\$ -	\$ 2,886,942	7.09%
6/30/2016	\$ 204,399	\$ 204,399	\$ -	\$ 2,947,382	6.93%
6/30/2017	\$ 202,710	\$ 202,710	\$ -	\$ 3,062,091	6.62%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability:				
Service cost	\$ 149,503	\$ 121,804	\$ 93,121	\$ 81,253
Interest	81,579	70,205	56,935	47,318
Changes of benefit terms	-	-	16,330	-
Differences between expected and actual experience	(55,654)	(43,768)	16	-
Changes in assumptions	81,099	-	-	(2,446)
Benefit payments	(20,873)	-	(7,626)	(24)
Net change in total pension liability	235,654	148,241	158,776	126,101
Total pension liability - beginning of year	1,023,405	875,164	716,388	590,287
Total pension liability - ending of year (a)	<u>\$ 1,259,059</u>	<u>\$ 1,023,405</u>	<u>\$ 875,164</u>	<u>\$ 716,388</u>
Plan fiduciary net position:				
Contribution - employer	\$ 70,384	\$ 68,903	\$ 52,630	\$ 37,684
Contribution - employee	82,418	66,593	43,540	37,684
Net investment income	133,010	(344)	20,028	98,832
Benefit payments	(20,873)	-	(7,626)	(24)
Administrative expenses	(1,257)	(923)	(802)	(619)
Other changes in plan fiduciary net position	(4)	1	4,763	22,655
Net change in plan fiduciary net position	263,678	134,230	112,533	196,212
Plan fiduciary net position - beginning of year	988,809	854,579	742,046	545,834
Plan fiduciary net position - ending of year (b)	<u>\$ 1,252,487</u>	<u>\$ 988,809</u>	<u>\$ 854,579</u>	<u>\$ 742,046</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 6,572</u>	<u>\$ 34,596</u>	<u>\$ 20,585</u>	<u>\$ (25,658)</u>
Plan fiduciary net position as a percentage of the total pension liability	99.48%	96.62%	97.65%	103.58%
Covered payroll	\$ 824,161	\$ 665,961	\$ 544,248	\$ 471,033
Net pension liability as a percentage of covered payroll	0.80%	5.19%	3.78%	-5.45%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

Fiscal Year Ending	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as % of Covered Payroll
6/30/2014	\$ 37,684	\$ 37,684	\$ -	\$ 471,033	8.00%
6/30/2015	\$ 52,630	\$ 52,630	\$ -	\$ 544,248	9.67%
6/30/2016	\$ 68,903	\$ 68,903	\$ -	\$ 665,961	10.35%
6/30/2017	\$ 70,384	\$ 70,384	\$ -	\$ 824,161	8.54%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

***Required Supplementary Information
Notes to Schedules
MERS Pension Plans Administered by ERSRI***

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

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation. Therefore the valuation as of June 30, 2014 determined the contribution amounts for fiscal 2017.

Actuarial Cost Method: Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 18 years as of June 30, 2017

Asset Valuation Method: 5 year smoothed market

Investment rate of return: 7.00%

Projected salary increases: 3.5% - 7.5% for general employees

4% to 14% for police and fire employees

Inflation: 2.50%

Mortality: Variants of the RP-2014 mortality tables - for the improvement scale, updated to the ultimate rates of the MP-2016 projection scale. adjustments, projected with Scale AA from 2000.

Cost of Living Adjustments: A 2% COLA is assumed after January 1, 2014.

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Employer's proportion of the net pension liability	1.04367064%	1.09137285%	1.06761040%	0.94353141%
Employer's proportionate share of the net pension liability	\$ 32,918,275	\$ 32,561,955	\$ 29,391,343	\$ 22,965,558
State of Rhode Island's proportionate share of the net pension liability associated with the Town of Smithfield	\$ 24,878,307	\$ 22,300,158	\$ 20,079,243	\$ 15,748,541
Total net pension liability	<u>\$ 57,796,582</u>	<u>\$ 54,862,113</u>	<u>\$ 49,470,586</u>	<u>\$ 38,714,099</u>
Employer's covered payroll	\$ 19,295,826	\$ 18,552,465	\$ 17,937,129	\$ 17,399,316
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	170.60%	175.51%	163.86%	131.99%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.4%

Notes:

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

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as % of Covered Payroll</u>
6/30/2015	\$ 2,364,900	\$ 2,364,900	\$ -	\$ 17,399,316	13.59%
6/30/2016	\$ 2,512,287	\$ 2,512,287	\$ -	\$ 17,937,129	14.01%
6/30/2017	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 18,552,465	13.48%
6/30/2018	\$ 2,605,000	\$ 2,605,000	\$ -	\$ 19,295,826	13.50%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Employer's proportion of the net pension liability	3.70030736%	3.69811899%	3.67273811%	3.84845352%
Employer's proportionate share of the net pension liability (asset)	\$ (3,061,131)	\$ (3,682,287)	\$ (3,428,707)	\$ (4,784,426)
Employer's covered payroll	\$ 19,295,826	\$ 18,552,465	\$ 17,937,129	\$ 17,399,316
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-15.86%	-19.85%	-19.12%	-27.50%
Plan fiduciary net position as a percentage of the total pension asset	136.1%	153.3%	146.6%	173.3%

Notes:

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

The Town is required to contribute an actuarially determined contribution rate each year in accordance with RI General Laws, Section 16-16-35.

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available

TOWN OF SMITHFIELD, RHODE ISLAND

*Required Supplementary Information
Schedule of Contributions
Teachers' Survivors Benefit Plan - Employees' Retirement System
Last 10 Fiscal Years*

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as % of Covered Payroll</u>
6/30/2015	\$ 21,755	\$ 21,755	\$ -	\$ 17,399,316	0.13%
6/30/2016	\$ 22,914	\$ 22,914	\$ -	\$ 17,937,129	0.13%
6/30/2017	\$ 23,100	\$ 23,100	\$ -	\$ 18,552,465	0.12%
6/30/2018	\$ 28,400	\$ 28,400	\$ -	\$ 19,295,826	0.15%

Notes:

Employers participating in the Teachers' Survivor's Benefit Plan are required to contribute at a rate established by Rhode Island General Laws, Section 16-16-35.

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

*Required Supplementary Information
Notes to Schedules*

MERS, Teachers, and Teachers Survivors Benefit Pension Plans Administered by ERSRI

Changes in benefit provisions:

The June 30, 2017 Measurement Date: As part of the 2017 Actuarial Experience Investigation Study for the six year period ending June 30, 2016 as approved by the ERSRI System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability or asset at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions for the June 30, 2017 measurement date related to the MERS, Teachers, and Teachers Survivors Benefit Pension Plans administered by ERSRI.

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

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

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

Decreased salary increase assumptions.

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

TOWN OF SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Fire Pension Trust Fund
Last 10 Fiscal Years

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:					
Service cost	\$ 670,806	\$ 926,180	\$ 755,471	\$ 824,891	\$ 388,599
Interest	2,671,372	2,551,501	2,457,170	2,348,730	2,206,063
Changes of benefit terms	-	-	1,368	-	-
Differences between expected and actual experience	(716,711)	74,292	(233,333)	(95,975)	80,736
Changes in assumptions	(3,762,912)	(4,239,961)	3,986,007	(5,398,258)	11,244,567
Benefit payments	(1,721,683)	(1,528,475)	(1,335,349)	(1,275,432)	(1,297,202)
Net change in total pension liability	(2,859,128)	(2,216,463)	5,631,334	(3,596,044)	12,622,763
Total pension liability - beginning of year	39,030,646	41,247,109	35,615,775	39,211,819	26,589,056
Total pension liability - ending of year (a)	<u>\$ 36,171,518</u>	<u>\$ 39,030,646</u>	<u>\$ 41,247,109</u>	<u>\$ 35,615,775</u>	<u>\$ 39,211,819</u>
Plan fiduciary net position:					
Contribution - employer	\$ 653,323	\$ 614,972	\$ 590,143	\$ 551,629	\$ 499,542
Contribution - employee	281,661	272,054	245,893	241,067	203,242
Net investment income	2,744,565	4,169,226	473,027	1,293,356	3,566,181
Benefit payments, including refunds of employee contributions	(1,721,683)	(1,528,475)	(1,335,349)	(1,275,432)	(1,297,202)
Administrative expenses	(76,035)	(13,497)	(12,497)	(14,522)	(18,008)
Other	-	-	(6,079)	-	-
Net change in plan fiduciary net position	1,881,831	3,514,280	(44,862)	796,098	2,953,755
Plan fiduciary net position - beginning of year	23,789,372	20,275,092	20,319,954	19,523,856	16,570,101
Plan fiduciary net position - ending of year (b)	<u>\$ 25,671,203</u>	<u>\$ 23,789,372</u>	<u>\$ 20,275,092</u>	<u>\$ 20,319,954</u>	<u>\$ 19,523,856</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 10,500,315</u>	<u>\$ 15,241,274</u>	<u>\$ 20,972,017</u>	<u>\$ 15,295,821</u>	<u>\$ 19,687,963</u>
Plan fiduciary net position as a percentage of the total pension liability	70.97%	60.95%	49.16%	57.05%	49.79%
Covered payroll	\$ 2,879,052	\$ 2,213,596	\$ 2,296,642	\$ 2,266,764	\$ 2,192,989
Net pension liability as a percentage of covered payroll	364.71%	688.53%	913.16%	674.79%	897.77%

Notes:

The total pension liability at June 30, 2016 reflects the negotiated change in member contributions from 9% to 10% of pay.

In 2016, amounts reported as changes in assumptions resulted from the change in discount rate from 6.88% to 6.16%.

In 2017, amounts reported as changes in assumptions resulted from the change in discount rate from 6.16% to 6.90%.

In 2018, amounts reported as changes in assumptions resulted from the change in discount rate from 6.90% to 7.65%.

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only five years are available.

TOWN OF SMITHFIELD, RHODE ISLAND
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Police Pension Trust Fund
Last 10 Fiscal Years

	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,980,181	1,941,829	1,924,447	1,883,156	1,864,562
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,477,506)	528,002	155,773	117,690	104,611
Changes in assumptions	-	-	-	339,700	35,156
Benefit payments	<u>(2,986,884)</u>	<u>(1,881,524)</u>	<u>(1,831,282)</u>	<u>(1,785,098)</u>	<u>(1,744,471)</u>
Net change in total pension liability	(2,484,209)	588,307	248,938	555,448	259,858
Total pension liability - beginning of year	26,567,379	25,979,072	25,730,134	25,174,686	24,914,828
Total pension liability - ending of year (a)	<u>\$ 24,083,170</u>	<u>\$ 26,567,379</u>	<u>\$ 25,979,072</u>	<u>\$ 25,730,134</u>	<u>\$ 25,174,686</u>
Plan fiduciary net position:					
Contribution - employer	\$ 2,178,681	\$ 2,177,643	\$ 2,278,602	\$ 2,277,340	\$ 2,079,373
Contribution - employee	-	-	-	-	-
Net investment income	845,159	1,282,176	433,239	488,660	915,560
Benefit payments, including refunds of employee contributions	(2,986,884)	(1,881,524)	(1,831,282)	(1,785,098)	(1,744,471)
Administrative expenses	(46,888)	(13,001)	(13,001)	(15,018)	(18,008)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(9,932)	1,565,294	867,558	965,884	1,232,454
Plan fiduciary net position - beginning of year	9,350,945	7,785,651	6,918,093	5,952,209	4,719,755
Plan fiduciary net position - ending of year (b)	<u>\$ 9,341,013</u>	<u>\$ 9,350,945</u>	<u>\$ 7,785,651</u>	<u>\$ 6,918,093</u>	<u>\$ 5,952,209</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 14,742,157</u>	<u>\$ 17,216,434</u>	<u>\$ 18,193,421</u>	<u>\$ 18,812,041</u>	<u>\$ 19,222,477</u>
Plan fiduciary net position as a percentage of the total pension liability	38.79%	35.20%	29.97%	26.89%	23.64%
Covered payroll	n/a	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

Notes:

The covered-employee payroll for the Police Pension Trust Fund is not applicable as the plan is closed.

The information in this schedule is intended to show 10 years. However as of June 30, 2018 only five years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

Required Supplementary Information
Schedules of Employer Contributions, Investment Returns, and Employer's Net Pension Liability
Police and Fire Pension Plans - Fiduciary Trust Funds
June 30, 2018

Schedule of Employer Contributions

	Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
Police Pension Trust Fund	2018	\$2,086,749	\$2,178,681	\$91,932	N/A	N/A
	2017	\$2,128,824	\$2,278,602	\$149,778	N/A	N/A
	2016	\$2,095,635	\$2,278,602	\$182,967	N/A	N/A
	2015	\$2,079,553	\$2,277,340	\$197,787	N/A	N/A
	2014	\$2,114,309	\$2,079,373	(\$34,936)	N/A	N/A
Fire Pension Trust Fund	2018	\$1,287,471	\$653,323	(\$634,148)	\$2,879,052	22.69%
	2017	\$1,481,677	\$614,972	(\$866,705)	\$2,213,596	27.78%
	2016	\$1,294,057	\$590,143	(\$703,914)	\$2,296,642	25.70%
	2015	\$1,336,605	\$551,629	(\$784,976)	\$2,266,764	24.34%
	2014	\$1,455,376	\$499,542	(\$955,834)	\$2,192,989	22.78%

Schedule of Investment Returns

	Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
Police Pension Trust Fund	2018	9.75%
	2017	15.10%
	2016	6.17%
	2015	7.42%
	2014	15.55%
Fire Pension Trust Fund	2018	13.07%
	2017	20.94%
	2016	2.36%
	2015	6.73%
	2014	22.35%

The information in these schedules is intended to show 10 years. However as of June 30, 2018 only five years are available.

The covered-employee payroll for the Police Pension Trust Fund is not applicable as the plan is closed.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	June 30, 2018	June 30, 2017
Total OPEB Liability:		
Service cost	\$ 1,354,976	\$ 2,333,000
Interest	1,297,215	1,198,000
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,947,270)	(463,000)
Changes in assumptions	2,773,187	(2,214,000)
Net benefit payments	<u>(1,120,890)</u>	<u>(1,187,000)</u>
Net change in total OPEB liability	2,357,218	(333,000)
Total OPEB Liability - beginning of year	<u>42,130,000</u>	<u>42,463,000</u>
Total OPEB Liability - end of year	<u>44,487,218</u>	<u>42,130,000</u>
Plan Fiduciary Net Position:		
Contributions to plan	1,280,410	1,321,000
Net investment income	256,313	304,000
Benefit payments	(1,120,890)	(1,187,000)
Investment related expense	-	(25,000)
Other	-	-
Net change in plan fiduciary net position	<u>415,833</u>	<u>413,000</u>
Plan fiduciary net position - beginning of year	<u>2,933,000</u>	<u>2,520,000</u>
Plan fiduciary net position - end of year	<u>3,348,833</u>	<u>2,933,000</u>
Net OPEB Liability at end of year	<u>\$ 41,138,385</u>	<u>\$ 39,197,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>7.53%</u>	<u>6.96%</u>
Covered payroll	<u>\$ 33,049,345</u>	<u>\$ 30,222,000</u>
Net OPEB liability as a percentage of covered payroll	<u>124.48%</u>	<u>129.70%</u>

Notes:

There were no changes in benefits during fiscal 2018.

Changes in assumption in fiscal 2018 were related to the discount rate being decreased from 3.14% at the beginning of the year to 3.00% for the end of the year.

The information in this schedule is intended to show 10 years . However, as of June 30, 2018 only two years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

Schedule of Employer Contributions

Year Ended June 30	Actuarially Determined Contribution (ADC)	Contributions Related to ADC	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 3,391,137	\$ 1,280,410	\$ 2,110,727	\$ 33,049,345	3.87%
2017	\$ 1,408,000	\$ 1,513,000	\$ (105,000)	\$ 30,222,000	5.01%

Schedule of Investment Returns

Year Ended June 30	Annual Money Weighted Rate of Return, Net of Investment Expenses
2018	8.51%
2017	12.13%

The information in this schedule is intended to show 10 years . However, as of June 30, 2018 only two years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

The following reflects the actuarial assumptions and methods used in the valuation of the Town of Smithfield, OPEB Trust Fund.

Valuation date:	July 1, 2018: July 1, 2017 for purpose of determining OPEB Expense and June 30, 2018 for purposes of determining the Net OPEB Liability.
Actuarial Cost Method:	Entry Age Actuarial Cost Method. Service costs is the sum of service costs for all participants.
Asset Valuation Method:	Fair Market Values as of the measurement date.
Miscellaneous:	The valuation was prepared on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.
Discount Rate:	<p>The discount rate is the single rate of return, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the the actuarial present value of benefit payments projected to be made in future periods and the actuarial present value of projected benefit payments calculated using a yield of index rate for 20-year tax exempt general obligation municipal bonds.</p> <p>The discount rate used to calculate the Total OPEB liability at June 30, 2018 was 3% under the Entry Age Normal Cost Method.</p>
Long-Term Rate of Return:	7.01%. The projected rate of return was estimated based on returns for similarluy situated plans.
Salary increases:	<p>Town employees range from 3.75% to 7.5% ranging from 10+ years of service to 0 years.</p> <p>Public safety personnel range from 4% to 14% ranging from 10+ years of service to 0 years.</p> <p>School employees range from 3.5% to 13.5% ranging from 10+ years of service to 0 years.</p>
Healthcare cost trends:	7.5% per year graded down by the Getzen model to an ultimate rate of 3.84% per year after 60 years.
Mortality:	<p>RP-2014 Employee and Healthy Annuitant with Scale MP-207 generational improvements from 2006 (Male/Female).</p> <p>For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2016.</p>

A complete copy of the Actuarial Valuation Report for the fiscal year July 1, 2016 to June 30, 2017 dated October 2017 can be obtained by contacting the Town Manager's office.

TOWN OF SMITHFIELD

OTHER SUPPLEMENTARY INFORMATION



TOWN OF SMITHFIELD

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

- Animal Control Fund
- Animal Control Spay & Neuter
- Byrne Grant
- Police Restricted Revenue
- CDBG
- Document Preservation & Tech Upgrades
- EMA Radio
- Planning Challenge Block Grant
- Fire Prevention
- Historical Records
- Municipal Contingency Escrow
- Operation Blue Riptide
- Police Confiscated Funds
- Retirement Escrow
- Revaluation Escrow
- RI DOT Children Passenger Safety
- RI DOT Click it or Ticket
- Scholarship Fund
- Senior Center Grant
- Bulletproof Vest
- Neighborhood Center Fund
- RIDOH Tobacco Grant
- Police Memorial Fund
- General Public Assistance
- Dog Park
- Affordable Housing Fund
- Commercial Weight Enforcement
- RIDOH Alcohol Grant
- Active Shooter Grant
- School Restricted Funds

(CONTINUED)

TOWN OF SMITHFIELD

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers. The following capital project funds are reported as nonmajor governmental funds.

- Green Acres Acquisition Fund
- Smithfield Historic Landmark
- Impact Fees
- Land Acq. Open Space Bond
- Middle School Additions
- Open Space & Rec. Area
- Police Equipment
- Water District Improvement Fee
- Handicap Accessibility
- Salt Barn Property
- Special Projects Fund
- Police Improvement Bond
- Capital Reserve Fund
- Land Trust Fund
- Bryant Capital Contributions
- School Improvement Bond
- Capital Lease Fund
- Esmond Street Enhancement
- Smithfield Fire Rescue

(CONTINUED)

TOWN OF SMITHFIELD

NONMAJOR GOVERNMENTAL FUNDS (Continued)

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The following permanent funds are reported as nonmajor governmental funds:

- Cemetery Fund

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018*

	SPECIAL REVENUE FUNDS							
	Animal Control Fund	Animal Control Spay & Neuter	Byrne Grant	Police Restricted Revenue	CDBG	Document Preservation & Tech Upgrades	EMA Radio	
ASSETS:								
Cash and cash equivalents	\$ 40,614	\$ -	\$ -	\$ -	\$ -	\$ 43,738	\$ 3,924	
Cash on deposit with funding agency	-	-	-	-	-	-	-	
Accounts and other receivable, net	-	-	-	-	-	-	-	
Due from federal & state governments	-	-	-	-	-	-	-	
Due from other funds	-	4,376	-	406,006	-	18,076	-	
TOTAL ASSETS	\$ 40,614	\$ 4,376	\$ -	\$ 406,006	\$ -	\$ 61,814	\$ 3,924	
LIABILITIES:								
Accounts payable	\$ 507	-	\$ -	\$ 5,184	\$ -	\$ -	\$ 533	
Accrued liabilities	-	-	-	-	-	-	-	
Due to other funds	10,057	-	-	-	-	-	24,809	
TOTAL LIABILITIES	10,564	-	-	5,184	-	-	25,342	
DEFERRED INFLOW OF RESOURCES:								
Unavailable fee revenue	-	-	-	-	-	-	-	
FUND BALANCE:								
Non-Spendable	-	-	-	-	-	-	-	
Restricted	-	-	-	-	-	61,814	-	
Committed	30,050	4,376	-	400,822	-	-	-	
Unassigned	-	-	-	-	-	-	(21,418)	
TOTAL FUND BALANCE	30,050	4,376	-	400,822	-	61,814	(21,418)	
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 40,614	\$ 4,376	\$ -	\$ 406,006	\$ -	\$ 61,814	\$ 3,924	

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	SPECIAL REVENUE FUNDS						
	Planning Challenge Block Grant	Fire Prevention	Historical Records	Municipal Contingency Escrow	Operation Blue Riptide	Police Confiscated Funds	Retirement Escrow
ASSETS:							
Cash and cash equivalents	\$ -	\$ 38,262	\$ 35,300	\$ 31,419	\$ -	\$ 28,790	\$ 765,750
Cash on deposit with funding agency	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-
Due from federal & state governments	16,160	-	-	-	-	-	-
Due from other funds	-	-	4,788	1,001,192	-	10,816	-
TOTAL ASSETS	\$ 16,160	\$ 38,262	\$ 40,088	\$ 1,032,611	\$ -	\$ 39,606	\$ 765,750
LIABILITIES:							
Accounts payable	\$ 1,638	\$ 666	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	14,187	-
Due to other funds	22,368	36,639	-	-	-	-	-
TOTAL LIABILITIES	24,006	37,305	-	-	-	14,187	-
DEFERRED INFLOW OF RESOURCES:							
Unavailable fee revenue	-	-	-	-	-	-	-
FUND BALANCE:							
Non-Spendable	-	-	-	-	-	-	-
Restricted	-	957	40,088	-	-	25,419	-
Committed	-	-	-	1,032,611	-	-	765,750
Unassigned	(7,846)	-	-	-	-	-	-
TOTAL FUND BALANCE	(7,846)	957	40,088	1,032,611	-	25,419	765,750
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 16,160	\$ 38,262	\$ 40,088	\$ 1,032,611	\$ -	\$ 39,606	\$ 765,750

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	SPECIAL REVENUE FUNDS							
	Revaluation Escrow	RI DOT Children Passenger Safety	RI DOT Click it or Ticket	Scholarship Fund	Senior Center Grant	Bulletproof Vest	Neighborhood Center Fund	RI DOH Tobacco Grant
ASSETS:								
Cash and cash equivalents	\$ 39,199	\$ -	\$ -	\$ 4,494	\$ -	\$ -	\$ 12,794	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-	-
Due from federal & state governments	14,371	-	-	-	-	-	-	-
Due from other funds	236,864	-	-	-	108,197	-	20,007	-
TOTAL ASSETS	\$ 290,434	\$ -	\$ -	\$ 4,494	\$ 108,197	\$ -	\$ 32,801	\$ -
LIABILITIES:								
Accounts payable	\$ 9,156	\$ -	\$ -	\$ -	\$ 1,084		\$ 267	\$ -
Accrued liabilities	-	-	-	-	17,972		1,170	-
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	9,156	-	-	-	19,056	-	1,437	-
DEFERRED INFLOW OF RESOURCES:								
Unavailable fee revenue	-	-	-	-	-	-	-	-
FUND BALANCE:								
Non-Spendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	4,494	89,141	-	31,364	-
Committed	281,278	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	281,278	-	-	4,494	89,141	-	31,364	-
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 290,434	\$ -	\$ -	\$ 4,494	\$ 108,197	\$ -	\$ 32,801	\$ -

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

SPECIAL REVENUE FUNDS

	Police Memorial Fund	General Public Assistance	Doq Park	Affordable Housing Fund	Commercial Weight Enforcement	RI DOH Alcohol Grant	Active Shooter Grant	School Restricted Funds	Total Special Revenue Funds
ASSETS:									
Cash and cash equivalents	\$ 799	\$ -	\$ 16,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,061,524
Cash on deposit with funding agency	-	-	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-	-	-
Due from federal & state governments	-	-	-	-	1,079	-	-	402,559	434,169
Due from other funds	-	51,615	-	-	-	-	-	190,796	2,052,733
TOTAL ASSETS	\$ 799	\$ 51,615	\$ 16,441	\$ -	\$ 1,079	\$ -	\$ -	\$ 593,355	\$ 3,548,426
LIABILITIES:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,035
Accrued liabilities	-	-	-	-	-	-	-	-	33,329
Due to other funds	-	-	1,808	-	1,079	-	-	367,012	463,772
TOTAL LIABILITIES	-	-	1,808	-	1,079	-	-	367,012	516,136
DEFERRED INFLOW OF RESOURCES:									
Unavailable fee revenue	-	-	-	-	-	-	-	-	-
FUND BALANCE:									
Non-Spendable	-	-	-	-	-	-	-	-	-
Restricted	799	-	14,633	-	-	-	-	226,343	495,052
Committed	-	51,615	-	-	-	-	-	-	2,566,502
Unassigned	-	-	-	-	-	-	-	-	(29,264)
TOTAL FUND BALANCE	799	51,615	14,633	-	-	-	-	226,343	3,032,290
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 799	\$ 51,615	\$ 16,441	\$ -	\$ 1,079	\$ -	\$ -	\$ 593,355	\$ 3,548,426

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	CAPITAL PROJECT FUNDS						
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Additions	Open Space & Rec. Area	Police Equipment
ASSETS:							
Cash and cash equivalents	\$ 112,933	\$ 882	\$ 942,092	\$ -	\$ -	\$ 4,542	\$ 128,978
Cash on deposit with funding agency	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-
Due from federal & state governments	-	-	-	-	-	-	9,300
Due from other funds	7,410	-	319,388	66,285	5,124	-	-
TOTAL ASSETS	\$ 120,343	\$ 882	\$ 1,261,480	\$ 66,285	\$ 5,124	\$ 4,542	\$ 138,278
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	41,405
TOTAL LIABILITIES	-	-	-	-	-	-	41,405
DEFERRED INFLOW OF RESOURCES:							
Unavailable fee revenue	-	-	-	-	-	-	-
FUND BALANCE:							
Non-Spendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	120,343	882	1,261,480	66,285	5,124	4,542	96,873
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCE	120,343	882	1,261,480	66,285	5,124	4,542	96,873
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 120,343	\$ 882	\$ 1,261,480	\$ 66,285	\$ 5,124	\$ 4,542	\$ 138,278

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	CAPITAL PROJECT FUNDS					
	<u>Water District Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Special Projects Fund</u>	<u>Police Improvement Bond</u>	<u>Capital Reserve Fund</u>
ASSETS:						
Cash and cash equivalents	\$ 18,771	\$ 10,796	\$ -	\$ 195,393	\$ -	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-
Due from federal & state governments	-	-	-	8,721	-	-
Due from other funds	-	-	-	-	264,830	871,740
TOTAL ASSETS	\$ 18,771	\$ 10,796	\$ -	\$ 204,114	\$ 264,830	\$ 871,740
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 54,194	\$ 10,000	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	23	-	1,010,496	189,730	-	-
TOTAL LIABILITIES	23	-	1,010,496	243,924	10,000	-
DEFERRED INFLOW OF RESOURCES:						
Unavailable fee revenue	-	-	-	-	-	-
FUND BALANCE:						
Non-Spendable	-	-	-	-	-	-
Restricted	-	-	-	-	254,830	-
Committed	18,748	10,796	-	-	-	871,740
Unassigned	-	-	(1,010,496)	(39,810)	-	-
TOTAL FUND BALANCE	18,748	10,796	(1,010,496)	(39,810)	254,830	871,740
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 18,771	\$ 10,796	\$ -	\$ 204,114	\$ 264,830	\$ 871,740

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	CAPITAL PROJECT FUNDS						PERMANENT FUND		Total Nonmajor Governmental Funds
	Land Trust	Bryant Capital Contributions	School Improvement Bond	Capital Lease Fund	Esmond St. Enhancement	Smithfield Fire Rescue	Total Capital Project Funds	Cemetery Fund	
ASSETS:									
Cash and cash equivalents	\$ 236,605	\$ -	\$ -	\$ -	\$ -	\$ 1,209,655	\$ 2,860,647	\$ 63,684	\$ 3,985,855
Cash on deposit with funding agency	-	-	827,019	-	-	-	827,019	-	827,019
Accounts and other receivable, net	-	22,129	-	-	-	158,611	180,740	-	180,740
Due from federal & state governments	-	-	-	-	-	-	18,021	-	452,190
Due from other funds	-	275,685	-	-	100,000	100,000	2,010,462	-	4,063,195
TOTAL ASSETS	\$ 236,605	\$ 297,814	\$ 827,019	\$ -	\$ 100,000	\$ 1,468,266	\$ 5,896,889	\$ 63,684	\$ 9,508,999
LIABILITIES:									
Accounts payable	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 13,706	\$ 77,980	\$ -	\$ 97,015
Accrued liabilities	-	-	-	-	-	-	-	-	33,329
Due to other funds	11,834	-	9,172	184,488	-	-	1,447,148	-	1,910,920
TOTAL LIABILITIES	11,914	-	9,172	184,488	-	13,706	1,525,128	-	2,041,264
DEFERRED INFLOW OF RESOURCES:									
Unavailable fee revenue	-	-	-	-	-	158,611	158,611	-	158,611
FUND BALANCE:									
Non-Spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	817,847	-	100,000	-	1,172,677	63,684	1,731,413
Committed	224,691	297,814	-	-	-	1,295,949	4,275,267	-	6,841,769
Unassigned	-	-	-	(184,488)	-	-	(1,234,794)	-	(1,264,058)
TOTAL FUND BALANCE	224,691	297,814	817,847	(184,488)	100,000	1,295,949	4,213,150	63,684	7,309,124
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 236,605	\$ 297,814	\$ 827,019	\$ -	\$ 100,000	\$ 1,468,266	\$ 5,896,889	\$ 63,684	\$ 9,508,999

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	<u>SPECIAL REVENUE FUNDS</u>							
	<u>Animal Control Fund</u>	<u>Animal Control Spay & Neuter</u>	<u>Byrne Grant</u>	<u>Police Restricted Revenue</u>	<u>CDBG</u>	<u>Document Preservation & Tech Upgrades</u>	<u>EMA Radio</u>	
REVENUES:								
Intergovernmental	\$ -	\$ -	\$ 11,763	\$ -	\$ 650,000	\$ -	\$ 2,472	
Fees, Fines, Charges and Assessments	1,041	446	-	106,571	-	20,857	-	
Interest and investment income	-	-	-	-	-	-	-	
Contributions and grants	748	-	-	1,656	-	-	-	
Other	-	-	-	-	-	-	-	
Total revenues	1,789	446	11,763	108,227	650,000	20,857	2,472	
EXPENDITURES:								
Current:								
Recreation and Community Development	-	-	-	-	650,000	-	-	
Education	-	-	-	-	-	-	-	
Public Safety	-	-	11,763	16,873	-	-	23,890	
Other expenses	715	7,840	-	-	-	10,336	-	
Capital outlays	-	-	-	-	-	-	-	
Total expenditures	715	7,840	11,763	16,873	650,000	10,336	23,890	
Excess (deficiency) of revenues over (under) expenditures	1,074	(7,394)	-	91,354	-	10,521	(21,418)	
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	-	
Net change in fund balances	1,074	(7,394)	-	91,354	-	10,521	(21,418)	
Fund balances, beginning of year	28,976	11,770	-	309,468	-	51,293	-	
Fund balances, end of year	\$ 30,050	\$ 4,376	\$ -	\$ 400,822	\$ -	\$ 61,814	\$ (21,418)	

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	<u>SPECIAL REVENUE FUNDS</u>						
	<u>Planning Challenge Block Grant</u>	<u>Fire Prevention</u>	<u>Historical Records</u>	<u>Municipal Contingency Escrow</u>	<u>Operation Blue Riptide</u>	<u>Police Confiscated Funds</u>	<u>Retirement Escrow</u>
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 8,919	\$ 3,059	\$ -
Fees, Fines, Charges and Assessments	-	13,337	3,519	-	-	-	-
Interest and investment income	-	-	4	3	-	-	7,420
Contributions and grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>13,337</u>	<u>3,523</u>	<u>3</u>	<u>8,919</u>	<u>3,059</u>	<u>7,420</u>
EXPENDITURES:							
Current:							
Recreation and Community Development	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public Safety	-	12,934	-	-	8,919	-	-
Other expenses	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>12,934</u>	<u>-</u>	<u>-</u>	<u>8,919</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>403</u>	<u>3,523</u>	<u>3</u>	<u>-</u>	<u>3,059</u>	<u>7,420</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(600,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>403</u>	<u>3,523</u>	<u>(599,997)</u>	<u>-</u>	<u>3,059</u>	<u>7,420</u>
Fund balances, beginning of year	<u>(7,846)</u>	<u>554</u>	<u>36,565</u>	<u>1,632,608</u>	<u>-</u>	<u>22,360</u>	<u>758,330</u>
Fund balances, end of year	<u>\$ (7,846)</u>	<u>\$ 957</u>	<u>\$ 40,088</u>	<u>\$ 1,032,611</u>	<u>\$ -</u>	<u>\$ 25,419</u>	<u>\$ 765,750</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	SPECIAL REVENUE FUNDS							
	Revaluation Escrow	RI DOT Children Passenger Safety	RI DOT Click it or Ticket	Scholarship Fund	Senior Center Grant	Bulletproof Vest	Neighborhood Center Fund	RI DOH Tobacco Grant
REVENUES:								
Intergovernmental	\$ 14,371	\$ 6,354	\$ 1,279	\$ -	\$ -	\$ 2,713	\$ -	\$ 474
Fees, Fines, Charges and Assessments	-	-	-	-	15,269	-	-	-
Interest and investment income	27	-	-	1	-	-	2	-
Contributions and grants	-	-	-	-	-	-	23,461	-
Other	-	-	-	-	-	-	-	-
Total revenues	14,398	6,354	1,279	1	15,269	2,713	23,463	474
EXPENDITURES:								
Current:								
Recreation and Community Development	-	-	-	-	10,562	-	12,078	-
Education	-	-	-	-	-	-	-	-
Public Safety	-	6,354	1,279	-	-	2,713	-	-
Other expenses	17,341	-	-	-	-	-	-	474
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	17,341	6,354	1,279	-	10,562	2,713	12,078	474
Excess (deficiency) of revenues over (under) expenditures	(2,943)	-	-	1	4,707	-	11,385	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	19,979	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	19,979	-
Net change in fund balances	(2,943)	-	-	1	4,707	-	31,364	-
Fund balances, beginning of year	284,221	-	-	4,493	84,434	-	-	-
Fund balances, end of year	\$ 281,278	\$ -	\$ -	\$ 4,494	\$ 89,141	\$ -	\$ 31,364	\$ -

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018*

	SPECIAL REVENUE FUNDS								
	Police Memorial Fund	General Public Assistance	Dog Park	Affordable Housing Fund	Commercial Weight Enforcement	RI DOH Alcohol Grant	Active Shooter Grant	School Restricted Funds	Total Special Revenue Funds
REVENUES:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,145	\$ 462	\$ 306	\$ 1,120,337	\$ 1,829,654
Fees, Fines, Charges and Assessments	-	-	-	-	-	-	-	-	161,040
Interest and investment income	-	-	18	-	-	-	-	-	7,475
Contributions and grants	-	5,560	8,583	-	-	-	-	68,554	108,562
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	5,560	8,601	-	7,145	462	306	1,188,891	2,106,731
EXPENDITURES:									
Current:									
Recreation and Community Development	-	9,361	-	62,000	-	-	-	-	744,001
Education	-	-	-	-	-	-	-	1,031,202	1,031,202
Public Safety	-	-	-	-	7,145	462	306	-	92,638
Other expenses	-	-	1,808	-	-	-	-	-	38,514
Capital outlays	-	-	-	-	-	-	-	49,548	49,548
Total expenditures	-	9,361	1,808	62,000	7,145	462	306	1,080,750	1,955,903
Excess (deficiency) of revenues over (under) expenditures	-	(3,801)	6,793	(62,000)	-	-	-	108,141	150,828
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	19,979
Transfers out	-	-	-	-	-	-	-	-	(600,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(580,021)
Net change in fund balances	-	(3,801)	6,793	(62,000)	-	-	-	108,141	(429,193)
Fund balances, beginning of year	799	55,416	7,840	62,000	-	-	-	118,202	3,461,483
Fund balances, end of year	\$ 799	\$ 51,615	\$ 14,633	\$ -	\$ -	\$ -	\$ -	\$ 226,343	\$ 3,032,290

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	CAPITAL PROJECT FUNDS						
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Addition	Open Space & Rec. Area	Police Equipment
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	248,991	-	-	-	139,698
Interest and investment income	11	-	94	-	-	1	13
Contributions and grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	11	-	249,085	-	-	1	139,711
EXPENDITURES:							
Current:							
Recreation and Community Development	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	11	-	249,085	-	-	1	139,711
OTHER FINANCING SOURCES (USES)							
Transfers in	3,919	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(155,000)
Total other financing sources (uses)	3,919	-	-	-	-	-	(155,000)
Net change in fund balances	3,930	-	249,085	-	-	1	(15,289)
Fund balances, beginning of year	116,413	882	1,012,395	66,285	5,124	4,541	112,162
Fund balances, end of year	\$ 120,343	\$ 882	\$ 1,261,480	\$ 66,285	\$ 5,124	\$ 4,542	\$ 96,873

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	CAPITAL PROJECT FUNDS					
	<u>Water District Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Special Projects Fund</u>	<u>Police Improvement Bond</u>	<u>Capital Reserve Fund</u>
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 220,942	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	-	73,851	-	-
Interest and investment income	2	1	-	-	-	-
Contributions and grants	-	-	-	-	7,501	-
Other	-	-	-	-	-	-
Total revenues	2	1	-	294,793	7,501	-
EXPENDITURES:						
Current:						
Recreation and Community Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public Safety	-	-	-	189,980	-	-
Other expenses	-	-	-	-	-	-
Capital outlays	-	-	-	212,083	346,635	-
Total expenditures	-	-	-	402,063	346,635	-
Excess (deficiency) of revenues over (under) expenditures	2	1	-	(107,270)	(339,134)	-
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	30,100
Transfers out	-	-	-	-	-	(500,000)
Total other financing sources (uses)	-	-	-	-	-	(469,900)
Net change in fund balances	2	1	-	(107,270)	(339,134)	(469,900)
Fund balances, beginning of year	18,746	10,795	(1,010,496)	67,460	593,964	1,341,640
Fund balances, end of year	\$ 18,748	\$ 10,796	\$ (1,010,496)	\$ (39,810)	\$ 254,830	\$ 871,740

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018**

	CAPITAL PROJECT FUNDS						PERMANENT FUND	Total Nonmajor Governmental Funds	
	Land Trust	Bryant Capital Contributions	School Improvement Bond	Capital Lease Fund	Esmond St. Enhancement	Smithfield Fire Rescue	Total Capital Project Funds		Cemetery Fund
REVENUES:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,942	\$ -	\$ 2,050,596
Fees, Fines, Charges and Assessments	354	108,019	-	-	-	1,310,456	1,881,369	-	2,042,409
Interest and investment income	-	-	7,893	-	-	3,996	12,011	7	19,493
Contributions and grants	-	-	-	-	100,000	-	107,501	-	216,063
Other	-	-	-	-	-	-	-	-	-
Total revenues	354	108,019	7,893	-	100,000	1,314,452	2,221,823	7	4,328,561
EXPENDITURES:									
Current:									
Recreation and Community Development	10,029	-	-	-	-	-	10,029	-	754,030
Education	-	-	-	-	-	-	-	-	1,031,202
Public Safety	-	-	-	-	-	80,317	270,297	-	362,935
Other expenses	-	-	-	-	-	-	-	-	38,514
Capital outlays	-	-	-	120,738	-	-	679,456	-	729,004
Total expenditures	10,029	-	-	120,738	-	80,317	959,782	-	2,915,685
Excess (deficiency) of revenues over (under) expenditures	(9,675)	108,019	7,893	(120,738)	100,000	1,234,135	1,262,041	7	1,412,876
OTHER FINANCING SOURCES (USES)									
Transfers in	7,525	-	-	63,750	-	100,000	205,294	-	225,273
Transfers out	-	-	-	-	-	(1,300,000)	(1,955,000)	-	(2,555,000)
Total other financing sources (uses)	7,525	-	-	63,750	-	(1,200,000)	(1,749,706)	-	(2,329,727)
Net change in fund balances	(2,150)	108,019	7,893	(56,988)	100,000	34,135	(487,665)	7	(916,851)
Fund balances, beginning of year	226,841	189,795	809,954	(127,500)	-	1,261,814	4,700,815	63,677	8,225,975
Fund balances, end of year	\$ 224,691	\$ 297,814	\$ 817,847	\$ (184,488)	\$ 100,000	\$ 1,295,949	\$ 4,213,150	\$ 63,684	\$ 7,309,124

(CONCLUDED)

TOWN OF SMITHFIELD

AGENCY FUNDS

Agency funds are used to account for assets held by the government as a trustee or as an agent for individuals, private organizations, and other governments and that cannot be used to finance the governmental entity's own operating programs. The following funds are reported in this section:

- **Student Activities Funds**
 - **Street Lighting**
 - **Soil Erosion**
-

TOWN OF SMITHFIELD, RHODE ISLANDStatement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Student Activity Funds</u>				
ASSETS:				
Cash	\$ 245,650	\$ 528,211	\$ 513,495	\$ 260,366
TOTAL ASSETS	<u>\$ 245,650</u>	<u>\$ 528,211</u>	<u>\$ 513,495</u>	<u>\$ 260,366</u>
LIABILITIES:				
Deposits held in custody for others	\$ 245,650	\$ 528,211	\$ 513,495	\$ 260,366
TOTAL LIABILITIES	<u>\$ 245,650</u>	<u>\$ 528,211</u>	<u>\$ 513,495</u>	<u>\$ 260,366</u>
<u>Street Lighting</u>				
ASSETS:				
Cash	\$ 20,603	\$ 2	\$ -	\$ 20,605
TOTAL ASSETS	<u>\$ 20,603</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,605</u>
LIABILITIES:				
Deposits held in custody for others	\$ 20,603	\$ 2	\$ -	\$ 20,605
TOTAL LIABILITIES	<u>\$ 20,603</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,605</u>
<u>Soil Erosion</u>				
ASSETS:				
Cash	\$ 222,258	\$ 9,021	\$ 209,000	\$ 22,279
Other receivables	3,170	209,000	13,250	198,920
TOTAL ASSETS	<u>\$ 225,428</u>	<u>\$ 218,021</u>	<u>\$ 222,250</u>	<u>\$ 221,199</u>
LIABILITIES:				
Deposits held in custody for others	225,428	\$ 9,021	\$ 13,250	\$ 221,199
TOTAL LIABILITIES	<u>\$ 225,428</u>	<u>\$ 9,021</u>	<u>\$ 13,250</u>	<u>\$ 221,199</u>
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash	\$ 488,511	\$ 537,234	\$ 722,495	\$ 303,250
Other receivables	3,170	209,000	13,250	198,920
TOTAL ASSETS	<u>\$ 491,681</u>	<u>\$ 746,234</u>	<u>\$ 735,745</u>	<u>\$ 502,170</u>
LIABILITIES:				
Deposits held in custody for others	\$ 491,681	\$ 537,234	\$ 526,745	\$ 502,170
TOTAL LIABILITIES	<u>\$ 491,681</u>	<u>\$ 537,234</u>	<u>\$ 526,745</u>	<u>\$ 502,170</u>

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TOWN OF SMITHFIELD

OTHER EXHIBITS



TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Funds Which Comprise the Town's General Fund
June 30, 2018

	General Fund	Inspection Fee Fund	Total General Fund
ASSETS:			
Cash and cash equivalents	\$ 14,559,478	\$ 91,081	\$ 14,650,559
Investments	5,226,803	-	5,226,803
Taxes, net	2,384,746	-	2,384,746
Other receivables	220,919	-	220,919
Due from federal and state governments	-	-	-
Due from other funds	1,757,509	-	1,757,509
TOTAL ASSETS	\$ 24,149,455	\$ 91,081	\$ 24,240,536
LIABILITIES:			
Accounts payable	\$ 1,026,336	\$ -	\$ 1,026,336
Accrued liabilities	1,137,239	5,600	1,142,839
Due to other funds	5,734,169	40,625	5,774,794
TOTAL LIABILITIES	7,897,744	46,225	7,943,969
DEFERRED INFLOW OF RESOURCES:			
Unavailable tax revenue	715,825	-	715,825
FUND BALANCE:			
Non-Spendable	1,384,263	-	1,384,263
Committed	6,813,010	-	6,813,010
Assigned	2,272,433	-	2,272,433
Unassigned	5,066,180	44,856	5,111,036
TOTAL FUND BALANCE	15,535,886	44,856	15,580,742
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 24,149,455	\$ 91,081	\$ 24,240,536

The Funds listed above are maintained separately by the Town. However, these Funds are all considered to be part of the Town's General Fund in accordance with GASB Statement #54. As such, the information above is presented as the General Fund (a Major Fund) in the Town's audited financial statements.

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Funds Which Comprise the Town's General Fund
For the Year Ended June 30, 2018**

	General Fund	Inspection Fee Fund	Total General Fund
REVENUES:			
General property taxes	\$ 57,666,227	\$ -	\$ 57,666,227
Intergovernmental	3,376,651	-	3,376,651
Licenses, fees, and permits	961,471	-	961,471
Interest income, taxes, and investments	399,568	9	399,577
Other miscellaneous	256,154	-	256,154
TOTAL REVENUES	62,660,071	9	62,660,080
EXPENDITURES:			
Current:			
General Government	3,279,869	-	3,279,869
Public Safety	17,581,873	-	17,581,873
Public Works	4,602,102	-	4,602,102
Public Health and Assistance	-	-	-
Recreation and Senior Center Activities	1,072,753	-	1,072,753
Libraries	1,374,433	-	1,374,433
Education	-	-	-
Miscellaneous	2,048,671	-	2,048,671
Debt Service:			
Principal	1,585,000	-	1,585,000
Interest and other costs	805,525	-	805,525
Capital:			
Capital outlays	1,974,029	-	1,974,029
TOTAL EXPENDITURES	34,324,255	-	34,324,255
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	28,335,816	9	28,335,825
OTHER FINANCING SOURCES (USES)			
Transfers in	2,985,000	-	2,985,000
Transfers out	(31,903,081)	-	(31,903,081)
TOTAL OTHER FINANCING SOURCES (USES)	(28,918,081)	-	(28,918,081)
NET CHANGE IN FUND BALANCES	(582,265)	9	(582,256)
FUND BALANCE AT BEGINNING OF YEAR	16,118,151	44,847	16,162,998
FUND BALANCE AT END OF YEAR	\$ 15,535,886	\$ 44,856	\$ 15,580,742

The Funds listed above are maintained separately by the Town. However, these Funds are all considered to be part of the Town's General Fund in accordance with GASB Statement #54. As such, the information above is presented as the General Fund (a Major Fund) in the Town's audited financial statements.

TOWN OF SMITHFIELD, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Fiscal Year	Real Property Mill Rate	Property Taxes Receivable July 1, 2017	Current Year Assessment	Supplemental Addendums (Net)	Refunds and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections July 1, 2017 to June 30, 2018	Property Taxes Receivable June 30, 2018	Collections Summary			
										Subject to 60 Day Rule	Not Subject to 60 Day Rule	Subject to 60 Day Rule	Tax Revenue Recognized
										July 1, 2017 to August 31, 2017	July 1, 2017 to June 30, 2018	July 1, 2018 to August 31, 2018	FYE 6/30/2018
2018	\$17.56	\$ -	\$ 57,541,414	\$ 70,084	\$ 47,048	\$ 228,984	\$ 57,429,562	\$ 55,089,183	\$ 2,340,379	\$ -	\$ 55,089,183	\$ 1,637,416	\$ 56,726,599
2017	\$16.73	2,237,999	-	-	4,713	(76,546)	2,319,258	2,151,032	168,226	1,317,166	833,866	25,860	859,726
2016	\$17.57	167,942	-	-	-	5,703	162,239	54,571	107,668	13,500	41,071	2,917	43,988
2015	\$17.13	135,517	-	-	-	28,178	107,339	14,740	92,599	3,061	11,679	802	12,481
2014	\$17.52	122,427	-	-	-	13,370	109,057	10,444	98,613	3,190	7,254	818	8,072
2013	\$16.02	119,870	-	-	-	11,335	108,535	3,697	104,838	535	3,162	37	3,199
2012	\$16.02	109,302	-	-	-	13,890	95,412	3,674	91,738	36	3,638	1,023	4,661
2011	\$15.85	106,515	-	-	-	14,649	91,866	2,736	89,130	1,872	864	48	912
2010	\$15.59	146,729	-	-	-	13,151	133,578	1,085	132,493	370	715	-	715
2009	\$13.98	212,595	-	-	-	12,357	200,238	5,818	194,420	1,064	4,754	-	4,754
2008	\$13.68	72,788	-	-	-	14,642	58,146	1,242	56,904	255	987	-	987
Prior	various	142,801	-	-	-	22,934	119,867	133	119,734	-	133	-	133
Subtotal		3,574,485	\$ 57,541,414	\$ 70,084	\$ 51,761	\$ 302,647	\$ 60,935,097	\$ 57,338,355	3,596,742	\$ 1,341,049	\$ 55,997,306	\$ 1,668,921	\$ 57,666,227
Less: estimated allowance for uncollectable accounts		(1,301,719)							(1,211,996)				
Net property taxes receivable		<u>\$ 2,272,766</u>							<u>\$ 2,384,746</u>				

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Schedule of Net Assessed Property Value by Category</u>			<u>Reconciliation of Current Year Property Tax Revenue</u>	
<u>Description of Property</u>	<u>Assessed December 31, 2016 - (2017 Tax Roll)</u>			
	<u>Valuations</u>	<u>Levy</u>		
Real Property	\$ 2,470,305,490		Current year collections	\$ 57,338,355
Exemptions on Real Property	(19,431,963)		Revenue received 60 days subsequent to fiscal year ending June 30, 2018	<u>1,668,921</u>
Net assessed value - Real Property	<u>2,450,873,527</u>	\$ 42,545,806	Subtotal	<u>59,007,276</u>
Motor Vehicles	197,143,743		Prior year revenue received in current year fiscal year ending June 30, 2017 - 60 day rule	<u>(1,341,049)</u>
Exemptions on Motor Vehicles	(37,014,338)			
Net assessed value - Motor Vehicles	<u>160,129,405</u>	6,244,902		
Tangible property	151,864,110			
Exemptions on Tangible Property	(7,795,858)			
Net assessed value - Tangible Property	<u>144,068,252</u>	8,750,706		
<i>Net assessed value</i>	<u>\$ 2,755,071,184</u>	<u>\$ 57,541,414</u>	<i>Current year property tax revenue</i>	<u>\$ 57,666,227</u>

(CONCLUDED)

TOWN OF SMITHFIELD

OTHER SUPPLEMENTARY INFORMATION

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

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

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

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

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

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT - 7

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 56,726,599	\$ -
Last Year's Levy Tax Collection	859,726	-
Prior Years Property Tax Collection	79,902	-
Interest & Penalty	305,993	-
PILOT & Tax Treaty (excluded from levy) Collection	50,000	-
Other Local Property Taxes	-	-
Licenses and Permits	961,471	-
Fines and Forfeitures	-	-
Investment Income	97,608	-
Departmental	256,154	-
Rescue Run Revenue	1,310,456	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	100,396
Impact Aid	-	-
Medicaid	-	280,384
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	169,515
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	955,447
MV Excise Tax Reimbursement & Phase-out	853,791	-
State PILOT Program	718,669	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	268,766	-
Meals & Beverage Tax / Hotel Tax	976,227	-
LEA Aid	-	6,259,967
Group Home	-	-
Housing Aid Capital Projects	408,086	-
Housing Aid Bonded Debt	101,112	-
State Food Service Revenue	-	6,667
Incentive Aid	-	-
Property Revaluation Reimbursement	14,371	-
Other State Revenue	-	163,844
Other Revenue	-	426,490
Local Appropriation for Education	-	31,227,808
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	450,000
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 63,988,931	\$ 40,040,517
Financing Sources: Transfer from Capital Funds	\$ 655,000	\$ -
Financing Sources: Transfer from Other Funds	1,030,000	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	\$ 1,685,000	\$ -

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT - 7 (Continued)

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 735,815	\$ 537,102	\$ 224,603	\$ -	\$ 336,400	\$ -	\$ 924,987	\$ 350,545	\$ 3,367,647
Compensation - Group B	-	-	-	-	-	-	-	-	797,241
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	3,207	837	7,010	-	2,509	-	103,380	4,930	559,317
Overtime - Group B	-	-	-	-	-	-	-	-	101,843
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	99,006	140,629	66,987	-	75,072	-	355,685	55,300	752,668
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	144,612
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	5,041	8,184	2,934	-	3,918	-	16,206	2,934	38,109
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	7,511
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	56,401	39,962	17,226	-	24,632	-	89,422	26,791	401,347
Life Insurance	2,088	1,670	835	-	992	-	4,124	626	11,327
State Defined Contribution- Group A	5,298	4,634	1,938	-	2,546	-	7,079	2,073	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	7,034
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	6,776	-	-	-	-	-	-	3,421	79,471
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	2,184,781
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	130,893	43,682	16,972	-	28,593	-	71,128	15,896	230,711
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	61,422
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	634,969	123,761	2,395	-	85,513	-	823,901	43,023	25,492
Materials/Supplies	70,899	5,043	11,901	-	1,979	-	100,831	38,496	84,269
Software Licenses	151,788	-	-	-	-	-	-	-	20,676
Capital Outlays	1,371,823	-	-	-	-	-	148,083	139,937	200,348
Insurance	619,184	-	-	-	-	-	-	-	-
Maintenance	6,159	-	25,200	-	-	-	4,200	6,383	27,775
Vehicle Operations	509	-	15,787	-	828	-	186,530	36,266	116,228
Utilities	58,232	3,317	52,034	-	2,022	-	330,455	40,246	100,166
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	429,375	-	-
Revaluation	-	17,341	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	135,073	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,029,085	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	57,456	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	1,374,433	202,202	-	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 4,015,542	\$ 926,163	\$ 445,823	\$ -	\$ 565,004	\$ 1,374,433	\$ 4,961,748	\$ 766,867	\$ 9,319,996

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 4,107,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,584,413	\$ 18,237,101
Compensation - Group B	274,690	-	135,252	-	-	-	1,207,183	1,876,725
Compensation - Group C	-	-	-	-	-	-	-	3,504,454
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	1,015,196	-	-	-	-	-	1,696,388	-
Overtime - Group B	33,784	-	5,962	-	-	-	141,589	-
Overtime - Group C	-	-	-	-	-	-	-	16,466
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	923,007	-	-	-	-	-	2,468,355	2,531,808
Active Medical Insurance- Group B	61,334	-	27,669	-	-	-	233,614	223,753
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,012,590
Active Dental insurance- Group A	47,980	-	-	-	-	-	125,305	187,508
Active Dental Insurance- Group B	3,001	-	1,467	-	-	-	11,979	14,664
Active Dental Insurance- Group C	-	-	-	-	-	-	-	71,384
Payroll Taxes	420,731	-	9,973	-	-	-	1,086,484	582,079
Life Insurance	20,300	-	418	-	-	-	42,381	49,034
State Defined Contribution- Group A	-	-	-	-	-	-	23,568	406,461
State Defined Contribution - Group B	-	-	1,713	-	-	-	8,746	38,884
State Defined Contribution - Group C	-	-	-	-	-	-	-	33,785
Other Benefits- Group A	99,979	-	-	-	-	-	189,647	127,464
Other Benefits- Group B	-	-	-	-	-	-	-	52,141
Other Benefits- Group C	-	-	-	-	-	-	-	51,148
Local Defined Benefit Pension- Group A	659,923	-	-	-	-	-	2,844,704	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	73,919	-	-	-	-	-	611,795	2,370,917
State Defined Benefit Pension - Group B	-	-	10,861	-	-	-	72,283	242,330
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	239,090
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	49,239	-	250	-	-	-	1,788,543	4,974,022
Materials/Supplies	219,725	-	2,705	-	-	-	535,848	550,832
Software Licenses	-	-	-	-	-	-	172,464	87,261
Capital Outlays	113,839	-	-	-	-	-	1,974,030	1,058,228
Insurance	-	-	-	-	-	-	619,184	143,506
Maintenance	-	-	-	-	-	-	69,717	186,398
Vehicle Operations	245,596	-	2,450	-	-	-	604,194	11,999
Utilities	77,817	-	10,287	-	-	-	674,576	848,937
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	429,375	-
Revaluation	-	-	-	-	-	-	17,341	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	135,073	-
Trash Removal & Recycling	-	-	-	-	-	-	1,029,085	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	57,456	830
Other Operation Expenditures	-	-	-	-	-	-	1,576,635	79,888
Local Appropriation for Education	-	-	-	31,227,808	-	-	31,227,808	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	450,000	-	-	450,000	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	1,000,000	-	1,000,000	-
Municipal Debt- Interest	-	-	-	-	551,874	-	551,874	-
School Debt- Principal	-	-	-	-	585,000	-	585,000	-
School Debt- Interest	-	-	-	-	249,701	-	249,701	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	1,003,381	1,003,381	299,598
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 8,447,375	\$ -	\$ 209,006	\$ 31,677,808	\$ 2,386,575	\$ 1,003,381	\$ 66,099,722	\$ 40,111,286

Financing Uses: Transfer to Capital Funds	\$ 105,294	\$ -
Financing Uses: Transfer to Other Funds	19,979	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
Total Other Financing Uses	\$ 125,273	\$ -
Net Change in Fund Balance¹	(551,064)	(70,769)
Fund Balance¹- beginning of year	\$ 17,424,812	\$ 2,152,866
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	284,221	-
Misc. Adjustment	-	-
Fund Balance¹ - beginning of year adjusted	17,709,033	2,152,866
Rounding	-	-
Fund Balance¹ - end of year	\$ 17,157,969	\$ 2,082,097

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

Town of Smithfield
 Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Municipal
 Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Balance (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance (Deficit)	Ending Fund Balance (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 17,424,812	- \$	17,424,812	
<i>No funds removed from RGS for fiscal 2018</i>						-	-	-	
<i>Revaluation Escrow Fund added to RGS for fiscal 2017</i>						284,221	-	284,221	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 17,709,033</u>	- \$	<u>17,709,033</u>	
General Fund	\$ 62,660,080	\$ 2,985,000	\$ 34,324,254	\$ 31,903,081	\$ (582,256)	\$ 16,162,998	\$	\$ 16,162,998	\$ 15,580,742
Fire Rescue Billing Fund	1,314,452	100,000	80,317	1,300,000	34,135	1,261,814	-	1,261,814	1,295,949
Revaluation Escrow	14,399	-	17,341	-	(2,942)	284,221	-	284,221	281,279
Totals per audited financial statements	<u>\$ 63,988,931</u>	<u>\$ 3,085,000</u>	<u>\$ 34,421,913</u>	<u>\$ 33,203,081</u>	<u>\$ (551,064)</u>	<u>\$ 17,709,033</u>	<u>\$ -</u>	<u>\$ 17,709,033</u>	<u>\$ 17,157,969</u>
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 31,677,808.27	\$ (31,677,808.27)	\$ -	\$ -	\$ -	\$ -	\$ -
Eliminate transfers between Funds reported on MTP2:									
- from Fire Rescue Billing to General Fund	-	(1,400,000)	-	(1,400,000)	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Totals Per MTP2	<u>\$ 63,988,931</u>	<u>\$ 1,685,000</u>	<u>\$ 66,099,722</u>	<u>\$ 125,273</u>	<u>\$ (551,064)</u>	<u>\$ 17,709,033</u>	<u>\$ -</u>	<u>\$ 17,709,033</u>	<u>\$ 17,157,969</u>

Town of Smithfield
 Combining Schedule of
 Reportable Government Services with
 Reconciliation to MTP2
 Education Department
 Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Other		Net Change in Fund Balance ¹	Beginning Fund		Prior Period Adjustment	Restated Beginning		Ending Fund Balance ¹ (Deficit)
	Total Revenue	Total Expenditures		Financing Uses	Financing Uses		Fund Balance ¹ (Deficit)	Fund Balance ¹ (Deficit)	
Fund Balance¹ - per MTP-2 at June 30, 2017 <i>No misc. adjustments made for fiscal 2018</i>									
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted									
School Unrestricted Fund	\$ 8,676,998	\$ 31,677,808	\$ 40,485,029	-	\$ (130,223)	\$ 1,919,583	\$ -	\$ 1,919,583	\$ 1,789,360
Enterprise Fund1	515,681	-	581,648	-	(65,967)	164,953	-	164,953	98,986
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	1,188,891	-	1,080,750	-	108,141	118,201	-	118,201	226,342
Totals per audited financial statements	\$ 10,381,570	\$ 31,677,808	\$ 42,147,427	\$ -	\$ (88,049)	\$ 2,202,737	\$ -	\$ 2,202,737	\$ 2,114,688

Reconciliation from financial statements to MTP2

Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2
 State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only
 State contributions on behalf of transportation reported as revenue and expenditures on financial statements only
 Depreciation Expenses recognized on Financial Statements and MTP-2 but not UCOA
 Variance for fiscal agent grant funds for other district
 Rounding

31,677,808	\$(31,677,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(1,933,364)	-	(1,933,364)	-	-	-	-	-	-	-
(80,494)	-	(80,494)	-	-	-	-	-	-	-
-	-	(6,358)	-	6,358	\$ (49,872.00)	\$ -	\$ (49,872)	\$ (43,514)	
(5,000)	-	(15,920)	-	10,920	-	-	-	10,920	
(3)	-	(5)	-	2	1	-	1	3	
\$ 40,040,517	\$ -	\$ 40,111,286	\$ -	\$ (70,769)	\$ 2,152,866	\$ -	\$ 2,152,866	\$ 2,082,097	

Reconciliation from MTP2 to UCOA

No reconciling items for fiscal 2018
Totals per UCOA Validated Totals Report

-	-	-	-	-	-	-	-	-	-
\$ 40,035,514	\$ -	\$ 40,095,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

TOWN OF SMITHFIELD, RHODE ISLAND**NOTES TO SUPPLEMENTARY INFORMATION
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
FISCAL YEAR ENDED JUNE 30, 2018****NOTE 1. Basis of Presentation**

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

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

NOTE 2. Reportable Government Services

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

NOTE 3. Allocations

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

NOTE 4. Employee Groups - Compensation and Benefit Costs

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO SUPPLEMENTARY INFORMATION
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4. Employee Groups - Compensation and Benefit Costs (Continued)

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

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

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

NOTE 5. Education Revenue and Expenditures

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

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

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TOWN OF SMITHFIELD

STATISTICAL SECTION

This part of the Town's comprehensive annual financial report presents information to supplement and provide multi-year trend information to enable readers to gain a better understanding of the Town's financial health.

Financial Trends: Schedules 1 through 4 contain trend information to help the reader understand changes in financial performance over a period of time.

Revenue Capacity: Schedules 5 through 8 contain information to help the reader assess the factors affecting the Town's ability to generate property tax revenue.

Debt Capacity: Schedules 9 through 12, and 18 contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic Information: Schedules 13 and 14 contain demographic information to help the reader understand the environment in which the Town's financial activities take place.

Operating Information: Schedules 15 through 17 contain information about the Town's operations and resources over a period of time.

Other Information: Schedules 19 and 20 contain additional information about the Town that Town Officials believe is useful to the reader of the comprehensive financial report.

TOWN OF SMITHFIELD, RHODE ISLAND

**NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 22,780,778	\$ 27,277,016	\$ 24,860,537	\$ 20,860,670	\$ 22,580,542	\$ 23,649,502	\$ 24,868,591	\$ 29,443,616	\$ 25,498,777	\$ 27,650,381
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,201,744	9,083,365	12,823,795	13,694,278	11,378,493	9,713,283	(42,984,286)	(49,129,547)	(81,130,827)	(81,677,474)
Total governmental activities net position	34,982,522	36,360,381	37,684,332	34,554,948	33,959,035	33,362,785	(18,115,695)	(19,685,931)	(55,632,050)	(54,027,093)
Business-type activities										
Net investment in capital assets	19,932,798	19,206,025	18,805,250	16,128,289	14,831,474	14,225,333	13,998,192	13,983,221	14,238,797	13,796,704
Unrestricted	7,165,904	7,278,605	6,559,230	5,951,450	6,217,533	6,504,691	6,509,927	6,557,260	6,150,747	6,428,096
Total business-type activities net position	27,098,702	26,484,630	25,364,480	22,079,739	21,049,007	20,730,024	20,508,119	20,540,481	20,389,544	20,224,800
Primary government										
Net investment in capital assets	42,713,576	46,483,041	43,665,787	36,988,959	37,412,016	37,874,835	38,866,783	43,426,837	39,737,574	41,447,085
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	19,367,648	16,361,970	19,383,025	19,645,728	17,596,026	16,217,974	(36,474,359)	(42,572,287)	(74,980,080)	(75,249,378)
Total primary government net position	\$ 62,081,224	\$ 62,845,011	\$ 63,048,812	\$ 56,634,687	\$ 55,008,042	\$ 54,092,809	\$ 2,392,424	\$ 854,550	\$ (35,242,506)	\$ (33,802,293)

Note: Fiscal years 2009 through fiscal 2011 include the net assets of the Greenville Public Library, East Smithfield Public Library, and East Smithfield Neighborhood Center as these entities were considered to be component units and reported as such. In fiscal 2012 they were removed as component units in accordance with GASB Statement #61.

Note: During the fiscal year ended June 30, 2015 the Town of Smithfield implemented GASB Statement #68

Note: During the fiscal year ended June 30, 2017 the Town of Smithfield implemented GASB Statement #75

TOWN OF SMITHFIELD, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
GOVERNMENTAL ACTIVITIES
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 11,582,978	\$ 7,165,831	\$ 5,493,158	\$ 7,752,644	\$ 5,918,235	\$ 6,066,867	\$ 5,442,335	\$ 6,093,690	\$ 8,144,022	\$ 6,057,484
Public safety	9,669,768	15,133,585	14,998,929	17,429,845	17,137,904	17,179,333	15,190,320	16,897,957	16,214,772	15,702,545
Public works	3,774,761	4,048,196	4,156,445	4,351,841	4,598,921	5,028,166	5,910,910	6,683,729	6,530,032	5,946,232
Public Health and Assistance	510,567	590,711	7,434	7,450	8,350	8,197	5,992	7,938	5,938	-
Public libraries (A)	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079	1,321,571	1,374,433
Education	33,482,943	34,340,402	33,695,301	35,543,656	35,311,450	35,866,336	35,265,621	40,028,913	39,839,753	43,456,074
Recreation and Senior Activities	149,687	118,263	558,232	945,504	901,172	1,065,331	2,204,210	1,510,668	1,822,960	2,023,191
Interest on long-term debt	687,665	580,558	482,819	705,512	597,249	552,480	534,407	587,477	824,421	761,655
Total governmental activities	59,858,369	61,977,546	59,392,318	67,924,186	65,661,015	66,984,444	65,808,060	73,093,450	74,703,469	75,321,614
Business-type activities:										
Sewer Authority	2,454,077	2,353,160	2,634,652	2,568,654	2,799,184	3,299,297	3,067,255	2,835,209	3,261,790	3,291,898
Water Supply Board	1,037,189	1,007,849	1,114,814	1,127,768	1,171,217	1,336,273	1,336,587	1,281,454	1,430,372	1,333,566
Smithfield Ice Rink	-	-	617,141	613,405	608,256	664,391	650,176	709,963	716,387	699,730
School Lunch Program	-	-	643,678	687,068	595,761	554,776	549,031	514,881	509,384	581,647
Component Units (CU's) (A)	-	-	1,626,870	-	-	-	-	-	-	-
Smithfield Ice Rink, School Lunch & CU's	2,978,442	2,855,100	-	-	-	-	-	-	-	-
Total business-type activities	6,469,708	6,216,109	6,637,155	4,996,895	5,174,418	5,854,737	5,603,049	5,341,507	5,917,933	5,906,841
Total primary government expense	\$ 66,328,077	\$ 68,193,655	\$ 66,029,473	\$ 72,921,081	\$ 70,835,433	\$ 72,839,181	\$ 71,411,109	\$ 78,434,957	\$ 80,621,402	\$ 81,228,455
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,164,132	\$ 1,029,120	\$ 821,074	\$ 1,055,693	\$ 1,132,533	\$ 1,207,224	\$ 1,164,955	\$ 1,520,598	\$ 1,689,365	\$ 1,490,992
Public safety	1,138,000	1,208,704	967,990	1,259,316	1,261,267	1,377,002	1,831,315	1,454,357	1,834,694	1,804,349
Public works	-	-	258,141	-	-	-	-	-	-	-
Public Health and Assistance	-	-	15,940	-	-	-	-	-	62,000	-
Education	-	-	-	360,844	356,258	253,750	238,152	311,538	332,466	380,780
Recreation and Senior Activities	-	-	19,375	330	3,630	355	3,147	487	17,981	15,623
Operating grants and contributions	9,429,523	9,491,613	7,434,000	8,085,850	7,930,129	8,416,905	7,943,116	10,044,589	9,587,133	11,960,468
Capital grants and contributions	164,612	1,260,360	846,585	883,067	394,814	119,323	213,473	56,487	26,079	107,501
Total governmental activities program revenues	11,896,267	12,989,797	10,363,105	11,645,100	11,078,631	11,374,559	11,394,158	13,388,056	13,549,718	15,759,713
Business-type activities:										
Charges for services:										
Sewer Authority	2,594,049	2,583,188	2,652,442	2,831,540	3,060,558	3,168,366	3,068,610	3,079,643	3,138,371	3,208,751
Water Supply Board	1,203,932	1,134,487	1,396,329	1,377,136	1,449,291	1,617,194	1,545,776	1,481,283	1,506,221	1,713,663
Smithfield Ice Rink	-	-	658,208	665,086	633,350	615,219	683,279	753,759	709,539	679,316
School Lunch Program	-	-	472,713	458,299	413,498	376,020	355,156	344,582	350,930	339,499
Smithfield Ice Rink, School Lunch & CU's (A)	1,484,425	1,651,349	95,848	-	-	-	-	-	-	-
Operating grants and contributions	3,694,645	246,309	455,474	182,508	191,472	215,512	208,807	183,314	176,704	176,182
Total business-type activities	8,977,051	5,615,333	5,731,014	5,514,569	5,748,169	5,992,311	5,861,628	5,842,581	5,881,765	6,117,411
Total primary government program revenues	\$ 20,873,318	\$ 18,605,130	\$ 16,094,119	\$ 17,159,669	\$ 16,826,800	\$ 17,366,870	\$ 17,255,786	\$ 19,230,637	\$ 19,431,483	\$ 21,877,124

(Continued)

TOWN OF SMITHFIELD, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
GOVERNMENTAL ACTIVITIES
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental activities	\$ (47,962,102)	\$ (48,987,749)	\$ (49,029,213)	\$ (56,279,086)	\$ (54,582,384)	\$ (55,609,885)	\$ (54,413,902)	\$ (59,705,394)	\$ (61,153,751)	\$ (59,561,901)
Business-type activities	2,507,343	(600,776)	(906,141)	517,674	573,751	137,574	258,579	501,074	(36,168)	210,570
Total primary government net expense	<u>\$ (45,454,759)</u>	<u>\$ (49,588,525)</u>	<u>\$ (49,935,354)</u>	<u>\$ (55,761,412)</u>	<u>\$ (54,008,633)</u>	<u>\$ (55,472,311)</u>	<u>\$ (54,155,323)</u>	<u>\$ (59,204,320)</u>	<u>\$ (61,189,919)</u>	<u>\$ (59,351,331)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 49,119,278	\$ 49,509,411	\$ 48,534,831	\$ 50,114,109	\$ 50,944,942	\$ 52,724,340	\$ 54,525,300	\$ 55,782,572	\$ 56,793,959	\$ 58,219,004
State Revenue Sharing and other general grants	742,742	-	-	-	-	-	-	-	-	-
Motor vehicle phase-out taxes	-	-	275,060	274,622	271,301	279,144	253,182	255,759	267,710	853,791
Public Utilities (Telephone) tax	-	-	223,182	241,202	257,910	268,724	291,036	265,491	279,390	268,766
Hotel, meals, and beverage tax	-	-	632,104	669,119	702,426	781,882	815,070	864,020	911,374	976,227
Unrestricted investment earnings	678,890	503,420	423,200	377,649	404,920	459,545	429,541	467,318	346,587	419,070
Other miscellaneous	30,383	188,973	-	-	-	-	-	-	-	-
Transfers	203,145	163,804	264,787	1,473,000	1,476,375	500,000	500,000	500,000	150,000	430,000
Total governmental activities	<u>50,774,438</u>	<u>50,365,608</u>	<u>50,353,164</u>	<u>53,149,701</u>	<u>54,057,874</u>	<u>55,013,635</u>	<u>56,814,129</u>	<u>58,135,160</u>	<u>58,749,020</u>	<u>61,166,858</u>
Business-type activities:										
Unrestricted investment earnings	178,221	150,508	50,778	15,705	14,442	43,443	19,516	31,288	35,231	54,686
Transfers	(203,145)	(163,804)	(264,787)	(1,473,000)	(1,476,375)	(500,000)	(500,000)	(500,000)	(150,000)	(430,000)
Total business type activities	<u>(24,924)</u>	<u>(13,296)</u>	<u>(214,009)</u>	<u>(1,457,295)</u>	<u>(1,461,933)</u>	<u>(456,557)</u>	<u>(480,484)</u>	<u>(468,712)</u>	<u>(114,769)</u>	<u>(375,314)</u>
Total primary government	<u>\$ 50,749,514</u>	<u>\$ 50,352,312</u>	<u>\$ 50,139,155</u>	<u>\$ 51,692,406</u>	<u>\$ 52,595,941</u>	<u>\$ 54,557,078</u>	<u>\$ 56,333,645</u>	<u>\$ 57,666,448</u>	<u>\$ 58,634,251</u>	<u>\$ 60,791,544</u>
Change in Net Position										
Governmental activities	\$ 2,812,336	\$ 1,377,859	\$ 1,323,951	\$ (3,129,385)	\$ (524,510)	\$ (596,250)	\$ 2,400,227	\$ (1,570,234)	\$ (2,404,731)	\$ 1,604,957
Business-type activities	2,482,419	(614,072)	(1,120,150)	(939,621)	(888,182)	(318,983)	(221,905)	32,362	(150,937)	(164,744)
Total primary government	<u>\$ 5,294,755</u>	<u>\$ 763,787</u>	<u>\$ 203,801</u>	<u>\$ (4,069,006)</u>	<u>\$ (1,412,692)</u>	<u>\$ (915,233)</u>	<u>\$ 2,178,322</u>	<u>\$ (1,537,872)</u>	<u>\$ (2,555,668)</u>	<u>\$ 1,440,213</u>

(A) - In fiscal 2012 the Town adopted GASB Statement #61 and as a result the Greenville Public Library, East Smithfield Public Library and East Smithfield Neighborhood Center were no longer considered component units and as such were eliminated from the Government-wide Statements. For years prior to 2010 the Town's financial statements reported the component units, the Smithfield Ice Rink, and the School Lunch Fund as nonmajor funds and disclosed amounts in total for the aggregate of these funds. Effective with fiscal 2012 the amounts will be shown separately.

Note: During the fiscal year ended June 30, 2015 the Town of Smithfield implemented GASB Statement #68

Note: During the fiscal year ended June 30, 2017 the Town of Smithfield implemented GASB Statement #75

(Concluded)

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

	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
			**	**	**	**	**	**	**	**
General Fund										
Reserved	\$ 6,710,951	\$ 8,136,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,558,830	6,857,080	-	-	-	-	-	-	-	-
Nonspendable			149,209	260,580	249,917	1,231,691	1,237,689	1,225,584	1,340,454	1,384,263
Restricted			225,980	187,006	94,933	15,860	24,398	30,438	37,625	-
Committed			850,000	9,173,380	8,189,071	8,033,629	7,942,884	7,777,967	7,835,554	6,813,010
Assigned			10,962,980	3,655,987	3,850,000	3,165,000	3,180,000	3,180,000	2,422,816	2,272,433
Unassigned			3,097,124	3,102,422	3,159,111	3,239,287	3,372,908	3,908,877	4,526,549	5,111,036
Total general fund	\$ 14,269,781	\$ 14,993,144	\$ 15,285,293	\$ 16,379,375	\$ 15,543,032	\$ 15,685,467	\$ 15,757,879	\$ 16,122,866	\$ 16,162,998	\$ 15,580,742
All Other Governmental Funds										
Reserved	\$ 748,535	\$ 1,394,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,066,616	8,389,693	-	-	-	-	-	-	-	-
Capital project funds	(4,769,791)	(8,485,437)	-	-	-	-	-	-	-	-
Nonspendable			-	72,363	78,437	-	55,404	66,322	189,919	183,813
Restricted			63,576	282,554	326,574	356,338	374,046	2,214,940	1,207,670	1,731,413
Committed			4,801,598	9,653,697	9,152,145	8,606,658	8,714,952	8,447,235	9,299,847	8,447,316
Unassigned			-	(1,006,875)	(992,940)	(993,496)	(1,431,632)	(3,881,136)	(551,878)	(1,264,058)
Total all other governmental funds	\$ 3,045,360	\$ 1,298,591	\$ 4,865,174	\$ 9,001,739	\$ 8,564,216	\$ 7,969,500	\$ 7,712,770	\$ 6,847,361	\$ 10,145,558	\$ 9,098,484

** The Town adopted GASB 54 fund balance definitions @ 6/30/11. Prior to that date these GASB classifications were not utilized.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	FISCAL YEAR ENDED JUNE 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property Taxes	\$ 48,402,854	\$ 49,599,927	\$ 48,535,833	\$ 49,180,933	\$ 50,437,531	\$ 52,471,399	\$ 53,704,073	\$ 55,243,808	\$ 56,202,307	\$ 57,666,227
Intergovernmental revenues	8,282,974	7,787,533	8,386,146	10,628,184	9,795,240	9,967,823	10,407,013	11,142,179	11,662,103	11,687,214
Licenses, Fees, Charges, Fines...	1,682,407	1,573,297	1,378,608	2,234,224	2,444,849	2,648,266	2,678,663	2,818,910	3,286,069	3,104,276
Investment Income	678,890	503,420	423,200	377,649	404,920	459,594	429,541	467,318	346,587	419,070
Other Revenue	2,673,628	3,628,967	1,418,406	525,872	592,228	680,969	620,096	880,711	786,897	774,994
Total revenues	<u>61,720,753</u>	<u>63,093,144</u>	<u>60,142,193</u>	<u>62,946,862</u>	<u>63,674,768</u>	<u>66,228,051</u>	<u>67,839,386</u>	<u>70,552,926</u>	<u>72,283,963</u>	<u>73,651,781</u>
Expenditures:										
Current:										
General Government	2,986,427	2,887,792	2,804,763	2,451,544	2,545,195	2,559,958	2,575,478	2,524,930	2,576,436	3,279,869
Public Safety	9,646,412	9,954,701	9,414,729	9,505,742	9,493,438	10,168,183	10,700,369	10,721,051	11,174,390	17,944,808
Public Works	2,970,915	2,781,149	3,041,941	2,999,330	3,278,514	3,591,685	3,121,322	3,654,021	3,717,755	4,602,102
Education	33,576,394	34,602,933	33,767,167	34,630,394	35,128,381	35,785,650	36,506,850	37,628,696	38,941,851	38,592,118
Libraries (A)	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079	1,321,571	1,374,433
Public Health and Assistance	45,058	38,334	7,434	7,450	8,350	8,197	5,992	7,938	5,938	-
Recreation, Senior & Neighborhood Center	570,794	552,910	464,250	798,384	740,680	894,182	1,529,780	1,011,640	1,217,739	1,826,783
Miscellaneous	6,736,425	6,998,640	7,812,770	8,124,581	8,905,678	8,907,491	8,583,333	9,118,190	8,930,260	2,087,185
Capital Expenditures	2,853,201	4,301,472	2,645,309	2,043,789	2,535,189	2,870,367	2,019,461	9,646,888	5,568,419	3,613,288
Debt Service:										
Principal	1,685,000	1,570,000	3,670,000	3,470,000	2,088,105	1,380,000	1,695,970	1,677,710	1,338,400	1,585,000
Debt Financing Costs	37,043	88,148	50,227	85,249	21,710	5,290	-	-	-	-
Interest	662,168	504,275	519,658	552,463	559,315	546,266	530,883	571,767	807,191	805,525
Total expenditures	<u>61,769,837</u>	<u>64,280,354</u>	<u>64,198,248</u>	<u>65,856,660</u>	<u>66,492,289</u>	<u>67,935,003</u>	<u>68,523,703</u>	<u>77,845,910</u>	<u>75,599,950</u>	<u>75,711,111</u>
Excess of revenues over (under) expenditures	<u>(49,084)</u>	<u>(1,187,210)</u>	<u>(4,056,055)</u>	<u>(2,909,798)</u>	<u>(2,817,521)</u>	<u>(1,706,952)</u>	<u>(684,317)</u>	<u>(7,292,984)</u>	<u>(3,315,987)</u>	<u>(2,059,330)</u>
Other Financing Sources (Uses):										
Proceeds from debt issuance	-	-	7,650,000	5,000,000	67,280	754,671	-	6,292,564	6,504,320	-
Proceeds from refunding bond issuance	-	-	-	4,520,000	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(2,852,555)	-	-	-	-	-	-
Transfers in	36,635,177	37,127,324	36,690,847	30,524,238	29,924,524	29,397,672	30,622,192	31,775,578	32,284,731	34,888,081
Transfers out	(36,432,032)	(36,963,520)	(36,426,060)	(29,051,238)	(28,448,149)	(28,897,672)	(30,122,192)	(31,275,578)	(32,134,731)	(34,458,081)
Total other financing sources (uses)	<u>203,145</u>	<u>163,804</u>	<u>7,914,787</u>	<u>8,140,445</u>	<u>1,543,655</u>	<u>1,254,671</u>	<u>500,000</u>	<u>6,792,564</u>	<u>6,654,320</u>	<u>430,000</u>
Net change in fund balances	<u>\$ 154,061</u>	<u>\$ (1,023,406)</u>	<u>\$ 3,858,732</u>	<u>\$ 5,230,647</u>	<u>\$ (1,273,866)</u>	<u>\$ (452,281)</u>	<u>\$ (184,317)</u>	<u>\$ (500,420)</u>	<u>\$ 3,338,333</u>	<u>\$ (1,629,330)</u>
Debt service as a percentage of noncapital expenditures (1)	<u>4.22%</u>	<u>3.74%</u>	<u>6.94%</u>	<u>6.27%</u>	<u>4.12%</u>	<u>2.96%</u>	<u>3.35%</u>	<u>3.30%</u>	<u>3.02%</u>	<u>3.29%</u>

Notes:

- This schedule includes expenditures of the General Fund, Special Revenue Funds, Capital Project Funds, and Permanent Funds
- (1) The percentage calculation uses the capital outlay figure from Note 1 Page 42. This differs from the Capital Improvements figure due to capitalizable items included within other functional categories of current expenditures.
- (A) - Libraries were included as component units prior to fiscal 2012 and as such the expenditure is reported as a transfer out.

TOWN OF SMITHFIELD, RHODE ISLAND
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year¹ Ended June 30	Real Property Assessed Value²	Personal Property Assessed Value	Less: Tax Exempt Real Property	Less: Tax Exempt Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value Taxable Value	Assessed Value² as a Percentage of Actual Value
2009	\$ 3,096,542,569	\$ 259,788,795	\$ 377,154,889	\$ 76,381,409	\$ 2,902,795,066	\$ 15.18	\$ 3,532,980,383	95.00%
2010	\$ 3,218,987,988	\$ 249,427,396	\$ 379,352,117	\$ 75,510,837	\$ 3,013,552,430	\$ 15.32	\$ 3,650,963,564	95.00%
2011	\$ 2,746,949,039	\$ 274,339,993	\$ 360,935,982	\$ 27,673,250	\$ 2,632,679,800	\$ 18.32	\$ 3,114,751,580	97.00%
2012	\$ 2,801,505,058	\$ 280,780,652	\$ 362,876,213	\$ 29,049,304	\$ 2,690,360,193	\$ 18.35	\$ 3,175,977,032	97.05%
2013	\$ 2,816,937,080	\$ 295,495,888	\$ 365,398,368	\$ 33,364,045	\$ 2,713,670,555	\$ 18.60	\$ 3,275,555,639	95.02%
2014	\$ 2,605,017,818	\$ 300,793,735	\$ 346,159,779	\$ 34,713,614	\$ 2,524,938,160	\$ 20.48	\$ 3,042,734,610	95.50%
2015	\$ 2,619,157,488	\$ 353,434,553	\$ 350,192,364	\$ 47,487,058	\$ 2,574,912,619	\$ 20.88	\$ 3,109,405,901	95.60%
2016	\$ 2,634,505,210	\$ 356,739,510	\$ 351,958,162	\$ 48,076,855	\$ 2,591,209,703	\$ 25.87	\$ 3,083,757,442	97.00%
2017	\$ 2,792,970,040	\$ 367,787,405	\$ 361,726,559	\$ 49,733,892	\$ 2,749,296,994	\$ 25.11	\$ 3,327,113,100	95.00%
2018	\$ 2,814,326,270	\$ 349,007,853	\$ 363,452,746	\$ 44,810,196	\$ 2,755,071,181	\$ 26.24	\$ 3,329,825,393	95.00%

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

¹ Revaluations were conducted for Fiscal Years 2008, 2011, 2014 and 2017

² Includes tax-exempt property

SCHEDULE 6

TOWN OF SMITHFIELD, RHODE ISLAND
PROPERTY TAX RATES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Town Operating Millage</u>	<u>School Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Direct Tax Rate</u>
2009	\$ 6.53	\$ 8.09	\$ 0.56	\$ 15.18
2010	\$ 6.69	\$ 8.27	\$ 0.36	\$ 15.32
2011	\$ 7.94	\$ 9.95	\$ 0.43	\$ 18.32
2012	\$ 8.01	\$ 9.79	\$ 0.55	\$ 18.35
2013	\$ 8.16	\$ 9.91	\$ 0.54	\$ 18.60
2014	\$ 9.36	\$ 10.52	\$ 0.61	\$ 20.48
2015	\$ 9.26	\$ 11.00	\$ 0.62	\$ 20.88
2016	\$ 11.53	\$ 13.63	\$ 0.71	\$ 25.87
2017	\$ 11.14	\$ 13.31	\$ 0.67	\$ 25.11
2018	\$ 11.46	\$ 13.91	\$ 0.87	\$ 26.24

Source: Town of Smithfield, Rhode Island Finance Records

TOWN OF SMITHFIELD, RHODE ISLAND
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2018

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Fidelity Corporate Real Estate	\$ 156,405,700	1	5.68%	\$ 192,170,026	1	6.42%
National Grid (Electricity)	66,935,520	2	2.43%	23,949,200	3	0.80%
W/S Smithfield Associates, LLC	60,742,000	3	2.20%	61,422,400	2	2.05%
Smithfield Office Park	21,314,900	4	0.77%	23,032,905	4	0.77%
Village at Waterman Lake	16,875,580	5	0.61%	18,475,800	5	0.62%
FGX International, Inc.	14,854,100	6	0.54%	13,348,629	6	0.45%
Alexion Manufacturing, L.L.C.	13,589,760	7	0.49%			
Target Corp.	13,438,510	8	0.49%	12,895,000	7	0.43%
Stop & Shop Supermarket	9,963,710	9	0.36%			
Norman Realty Corporation	8,322,200	10	0.30%			
Bacou-Dalloz Eye Protection				12,362,304	8	0.41%
National Grid (Gas)				3,491,580	9	0.12%
Citizens Bank of RI				3,383,390	10	0.11%
	<u>\$ 382,441,980</u>		<u>13.88%</u>	<u>\$ 364,531,234</u>		<u>12.17%</u>
Total assessed valuation (gross)	\$ 2,755,071,181			\$ 2,995,352,385		

Source: Town Tax Assessor's Office

SCHEDULE 8

TOWN OF SMITHFIELD, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Tax Year	Collection within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2009	\$ 44,064,149	\$ 39,986,080	90.75%	\$ 3,883,649	\$ 43,869,729	99.56%
2010	\$ 46,156,583	\$ 43,822,439	94.94%	\$ 2,201,651	\$ 46,024,090	99.71%
2011	\$ 48,233,107	\$ 43,814,774	90.84%	\$ 4,329,203	\$ 48,143,977	99.82%
2012	\$ 49,357,148	\$ 45,733,515	92.66%	\$ 3,531,895	\$ 49,265,410	99.81%
2013	\$ 50,485,821	\$ 46,749,238	92.60%	\$ 3,631,745	\$ 50,380,983	99.79%
2014	\$ 51,713,919	\$ 48,620,078	94.02%	\$ 2,995,228	\$ 51,615,306	99.81%
2015	\$ 53,767,983	\$ 51,574,182	95.92%	\$ 2,101,202	\$ 53,675,384	99.83%
2016	\$ 55,094,768	\$ 51,862,555	94.13%	\$ 3,124,545	\$ 54,987,100	99.80%
2017	\$ 56,132,554	\$ 53,874,510	95.98%	\$ 2,089,818	\$ 55,964,328	99.70%
2018	\$ 57,541,414	\$ 55,089,183	95.74%	\$ -	\$ 55,089,183	95.74%

TOWN OF SMITHFIELD, RHODE ISLAND
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Total Personal Income ¹
	General Obligation Bonds	Lease Participation Certificates	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable		
2009	\$ 9,250,000	\$ 3,175,000	\$ 228,558	\$ -	\$ 801,000	\$ -	\$ 13,454,558	2.14%
2010	\$ 8,420,000	\$ 2,435,000	\$ 167,598	\$ -	\$ 1,286,848	\$ -	\$ 12,309,446	1.96%
2011 ²	\$ 13,170,000	\$ 1,665,000	\$ 103,979	\$ -	\$ 1,225,000	\$ -	\$ 16,163,979	2.51%
2012	\$ 17,437,261	\$ 855,000	\$ 53,105	\$ -	\$ 5,138,101	\$ -	\$ 23,483,467	3.42%
2013	\$ 16,251,616	\$ -	\$ 43,539	\$ 227,000	\$ 8,419,101	\$ -	\$ 24,941,256	3.63%
2014	\$ 14,865,971	\$ -	\$ 777,080	\$ 227,000	\$ 8,162,101	\$ -	\$ 24,032,152	3.50%
2015	\$ 13,480,326	\$ -	\$ 461,110	\$ 206,000	\$ 7,734,651	\$ -	\$ 21,882,087	3.18%
2016 ³	\$ 18,377,431	\$ -	\$ 163,400	\$ 184,000	\$ 7,304,201	\$ -	\$ 26,029,032	3.79%
2017 ⁴	\$ 23,660,012	\$ -	\$ -	\$ 162,000	\$ 6,869,751	\$ -	\$ 30,691,763	4.47%
2018	\$ 22,028,273	\$ -	\$ -	\$ 140,000	\$ 6,431,301	\$ -	\$ 28,599,574	4.16%

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

¹ See the Schedule of Demographics and Economic Statistics for population data

² Includes GO Bond Issue of \$7.65M and a partial refunding of 2003 GOB

³ Includes new bond issue of \$5.9M

⁴ Includes new bond issue of \$6.075M

TOWN OF SMITHFIELD, RHODE ISLAND
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2009	\$ 9,250,000	\$ -	\$ 9,250,000	0.26%	\$ 436
2010	\$ 8,420,000	\$ -	\$ 8,420,000	0.23%	\$ 397
2011 ³	\$ 13,170,000	\$ -	\$ 13,170,000	0.42%	\$ 615
2012	\$ 17,437,261	\$ -	\$ 17,437,261	0.55%	\$ 809
2013	\$ 16,478,616	\$ -	\$ 16,478,616	0.50%	\$ 767
2014	\$ 15,092,971	\$ -	\$ 15,092,971	0.50%	\$ 704
2015	\$ 13,686,326	\$ -	\$ 13,686,326	0.44%	\$ 636
2016 ⁴	\$ 18,561,431	\$ -	\$ 18,561,431	0.60%	\$ 858
2017 ⁵	\$ 23,822,012	\$ -	\$ 23,822,012	0.72%	\$ 1,094
2018	\$ 22,168,273	\$ -	\$ 22,168,273	0.67%	\$ 1,015

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. Except for General Obligations of Business Type Activities.

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

² See the Schedule of Demographics and Economic Statistics for population data

³ Includes new bond issue of \$7.65M and a partial refunding of 2003 GOB

⁴ Includes new bond issue of \$5.9M

⁵ Includes new bond issue of \$6.075M

TOWN OF SMITHFIELD, RHODE ISLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2018

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

TOWN OF SMITFIELD, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for the Fiscal Year 2018

Net Assessed Value	\$ 2,755,071,184
Debt Limit (3%)	\$ 82,652,136
Net Debt Applicable to limit	_____
Legal debt margin	\$ 82,652,136

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 82,652,136	\$ 82,478,910	\$ 77,736,291	\$ 77,247,379	\$ 75,748,145	\$ 81,410,117	\$ 80,710,806	\$ 78,980,394	\$ 90,406,573	\$ 87,083,852
Total net debt applicable to limit	140,000	162,000	184,000	206,000	227,000	227,000	-	-	-	-
Legal debt margin	\$ 82,512,136	\$ 82,316,910	\$ 77,552,291	\$ 77,041,379	\$ 75,521,145	\$ 81,183,117	\$ 80,710,806	\$ 78,980,394	\$ 90,406,573	\$ 87,083,852
Total net debt applicable to the limit as a percentage of the debt limit	0.17%	0.20%	0.24%	0.27%	0.30%	0.28%	0.00%	0.00%	0.00%	0.00%

Note: In 2014 the Town underwent a full property revaluation
 In 2008, 2011, and 2017 the Town underwent a statistical revaluation.
 The Town has \$140,000 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, RHODE ISLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population¹	Median Family Income¹	Median Home Price¹	Personal Income² (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	School Enrollment³	Unemployment Rate⁴
2009	21,195	*	\$ 230,000	*	*	*	2,555	8.70%
2010	21,205	\$ 94,754	\$ 227,000	*	*	*	2,504	11.60%
2011	21,430	\$ 94,930	\$ 238,500	\$ 643,286	\$ 30,018	42.0	2,470	10.40%
2012	21,547	*	\$ 228,000	\$ 687,082	\$ 31,888	42.7	2,407	9.80%
2013	21,480	\$ 89,713	\$ 229,155	*	*	42.0	2,410	8.43%
2014	21,443	*	\$ 231,000	*	*	42.0	2,367	7.84%
2015	21,517	*	\$ 246,500	*	*	42.0	2,382	6.08%
2016	21,632	*	\$ 258,000	*	*	42.0	2,387	5.00%
2017	21,774	*	\$ 261,000	*	*	42.0	2,395	4.20%
2018	21,840	*	\$ 264,500	*	*	42.0	2,440	3.30%

Data sources

¹ The non-census year statistics are estimates calculated by the Rhode Island Department of Labor and Training. Most current available is 2010.
The 2011 fiscal year census statistic is actual U.S. Census figure.

² City-Data.com

³ Smithfield School Department

⁴ Rhode Department of Labor and Training

TOWN OF SMITHFIELD, RHODE ISLAND
PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018			2009		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Fidelity Investments*	3,300	1	22.40%	1,800	1	13.58%
Bryant University	938	2	6.37%	550	3	4.15%
Town of Smithfield	506	3	3.43%	600	2	4.53%
Citizens Bank of RI	400	4	2.72%	400	5	3.02%
FGX International	400	5	2.72%	350	6	2.64%
Alexion Pharmaceuticals	300	6	2.04%			
Village at Waterman Lake	300	7	2.04%	200	10	1.51%
The Stop & Shop Company, Inc.	300	8	2.04%	225	9	1.70%
Honeywell Industrial Safety	300	9	2.04%			
Dioptics Medical Products	250	10	1.70%			
Benny's Home & Auto Stores, Inc.				500	4	3.77%
Bacou-Dalloz Eye Protection				340	7	2.56%
The Home Depot				250	8	1.89%
Total	<u>6,994</u>		<u>47.48%</u>	<u>5,215</u>		<u>39.33%</u>

Source: Rhode Island Economic Development Corporation

* For the prior year, the source data used to retrieve this information had a formula error. It has been corrected for this submission.

TOWN OF SMITHFIELD, RHODE ISLAND
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	34	32	29	29	29	29	29	29	29	29
Public Safety										
Police										
Officers	41	41	41	41	41	42	42	42	42	42
Civilians	13	12	12	12	12	12	12	12	12	12
Animal Control *	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters and Officers	48	48	48	48	48	50	52	52	52	53
Civilians	6	6	5	5	5	5	5	5	5	5
Ice Rink	3	3	3	3	3	3	3	3	3	3
Parks	4	4	4	4	4	4	4	4	4	4
Public Works	18	18	17	17	17	17	17	17	17	18
Senior Services	4	4	4	4	4	4	4	4	4	4
Sewer	1	1	1	1	1	0	0	0	0	0
Water	2	2	2	2	2	2	2	2	2	2
Total	176	173	168	168	168	170	172	172	172	174

* Note: Animal Control Employees were inadvertently left out of schedule in prior years.
Source: Finance Department

TOWN OF SMITFIELD, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical Arrests	861	822	801	704	606	659	717	629	755	638
Parking Violations	261	164	156	144	88	147	212	191	173	113
Traffic Violations	4,665	3,859	3,795	4,142	3,227	3,732	3,051	2,954	3,811	3,803
Fire										
Total Incidents	3,850	4,160	4,038	4,427	4,421	4,395	4,501	4,500	4,392	4,680
Commercial Inspections	204	157	175	164	176	152	167	448	165	130
Residential Inspections	305	178	227	146	194	196	278	256	276	252
Commercial Plan Review	102	59	49	67	92	69	64	94	75	80
Residential Plan Review	33	48	43	26	211	41	60	55	97	105
Highway and Street										
Street Resurfacing (miles)	3.88	2.73	1.92	0.00	1.06	0.50	0.00	1.91	1.30	0.63
Sanitation										
Refuse Collected (tons/day) *	24.78	24.10	25.23	25.95	23.18	20.43	19.80	19.82	20.20	20.60
Paper Recyclables Collected (tons/day)	3.91	4.74	4.93	5.06	N/A	N/A	N/A	N/A	N/A	N/A
Mixed Recyclables Collected (tons/day)	2.47	3.51	3.63	3.65	N/A	N/A	N/A	N/A	N/A	N/A
Single Stream Recyclables (tons/day) **					7.92	8.28	9.42	8.90	8.96	8.99
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	1,960	1,998	1,893	1,858	1,885	1,825	1,950	1,892	2,026	2,112

* Note: Correction to Refuse Collected (tons/day) for FY 2009 due to number of collection days.

** Recyclables were changed to Single Stream Recycling in FY 2013 and are no longer separated.

Sources: Various Town departments

TOWN OF SMITHFIELD, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	27	27	27	27	27	27	27	27
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	183	183	183	183	183	183	183	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	14	14	14	14	14	14	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 Town departments

TOWN OF SMITHFIELD, RHODE ISLAND
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures ¹	Ratio of Total Debt Service to Total Governmental Expenditures
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%
2011	\$ 1,600,000	\$ 519,658	\$ 2,119,658	\$ 64,198,249	3.30%
2012	\$ 1,870,000	\$ 552,463	\$ 2,422,463	\$ 65,856,660	3.68%
2013	\$ 2,035,000	\$ 559,315	\$ 2,594,315	\$ 66,492,289	3.90%
2014	\$ 1,380,000	\$ 546,266	\$ 1,926,266	\$ 67,935,003	2.84%
2015	\$ 1,380,000	\$ 509,350	\$ 1,889,350	\$ 68,523,703	2.76%
2016	\$ 1,380,000	\$ 560,145	\$ 1,940,145	\$ 77,845,911	2.49%
2017	\$ 1,175,000	\$ 744,568	\$ 1,919,568	\$ 75,599,950	2.54%
2018	\$ 1,585,000	\$ 801,575	\$ 2,386,575	\$ 77,724,969	3.07%

Notes:

¹ Includes General, Special Revenue and Capital Project Funds.

SMITHEFIELD PUBLIC SCHOOLS

Miscellaneous Statistics

June 30, 2018

BUILDINGS

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

OCTOBER STUDENT ENROLLMENT

STUDENTS	Fiscal Year	Elementary	Secondary	Total
	2018	1,089	1,351	2,440
	2017	1,099	1,296	2,395
	2016	1,095	1,292	2,387
	2015	1,094	1,288	2,382
	2014	1,068	1,299	2,367
	2013	1,075	1,335	2,410
	2012	1,039	1,368	2,407
	2011	1,051	1,419	2,470
	2010	1,060	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

STAFFING

Administrative	<u>15.0</u>
Certified Staff:	
Instructional	157.5
ESL	0.5
Special Education	47.3
Other (Librarians, Counselors, Nurses, etc.)	<u>24.6</u>
Total Certified Staff	229.9
Non- Certified Staff	
Secretary and Clerical	18.0
Building and Maintenance	27.0
Teacher Assistants	38.0
Supervisory Aides	0.0
Technicians	3.0
Bus Monitors	0.0
Attendance Officer	<u>1.0</u>
	87.0
Total FTE's	<u><u>331.9</u></u>

Data collected from School Department

TOWN OF SMITHFIELD, RHODE ISLAND
Miscellaneous Statistics
June 30, 2018

Founded:	1636	Police Protection	
Town Incorporation:	1730	Buildings:	1
		Employees:	
Type of Government:	Council / appointed Town Manager	Law Enforcement	42
		Civilian	
Fiscal Year begins:	July 1	Full Time	12
		Part Time	6
Population:		Crossing Guard	6
	<u>Official US Census</u>	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
	2010 21,430	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 2016		Public Works Garage	1
Registered Voters	16,264	Parks & Recreation	2
Number of Votes Cast	10,510	Other Municipal Employees:	62
Percentage Voting	64.62%		
Fire Protection			
# Fire Stations:	3		
Employees :			
Uniformed	53		
Civilian(s)	5		
Library			
Full Time Employees	11		
Part Time Employees	35		

Data collected from various Town departments

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TOWN OF SMITHFIELD

SINGLE AUDIT SECTION

This section contains information regarding federal grant activity for the year ended June 30, 2018, which was audited in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

To the Town Council and
Town Manager
Town of Smithfield, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Smithfield, Rhode Island as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Smithfield, Rhode Island's financial statements are free from 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*.

Purpose of this Report

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

Robert J. Civetti, CPA, LLC

Johnston, Rhode Island
December 28, 2018

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

To the Town Council
Town of Smithfield, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the Town of Smithfield, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Smithfield, Rhode Island's major federal programs for the year ended June 30, 2018. The Town of Smithfield, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Smithfield, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Robert J. Civetti, CPA, LLC

Johnston, Rhode Island
December 28, 2018

TOWN OF SMITHFIELD, RHODE ISLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Pass-Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through Rhode Island Department of Education:				
<i>School Lunch Cluster:</i>				
National School Lunch Program	10.555	None	\$	147,881
Special Milk Program For Children	10.556	None		20
National School Breakfast Program	10.553	None		21,614
<i>Total School Lunch Cluster</i>			\$	-
Commodity Supplemental Food Program	10.565	None		31,242
Total U.S. Department of Agriculture				200,757
U.S. Department of Housing and Urban Development				
Passed through Rhode Island Office of Housing and Community Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	None	650,000	650,000
Total U.S. Department of Housing and Urban Development			650,000	650,000
U.S. Department of Justice				
Passed through Rhode Island Department of Health				
Enforcing Underage Drinking Laws Program	16.727	None		936
Passed through Rhode Island Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0766		11,763
Bulletproof Vest Partnership Program	16.607	None		2,713
Total U.S. Department of Justice				15,412
U.S. Department of Transportation				
Passed through Rhode Island Department of Transportation				
Occupant Protection Incentive Grant	20.602	None		1,279
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	None		8,919
National Highway Traffic Safety Administration	20.614	None		306
Highway Planning and Construction	20.205	None		7,145
State and Community Highway Safety	20.600	None		6,354
Total U.S. Department of Transportation				24,003
U.S. Department of Education				
Passed through Rhode Island Department of Education				
<i>Special Education Cluster:</i>				
Special Education Grants to States (Project IDEA - Part B)	84.027	2725132.02.02		606,062
Special Education Preschool Grants (IDEA Preschool)	84.173	2725135.02.02		20,173
<i>Total Special Education Cluster</i>				-
Title I Grants to Local Educational Agencies	84.010	2725117.02.02		196,761
Supporting Effective Instruction State Grants	84.367	2725164.02.02		53,766
Career and Technical Education - Basic Grants to States	84.048	2725153.02		78,686
Total U.S. Department of Education				955,448
Total Expenditures of Federal Awards			\$	650,000
			\$	1,845,620

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Town of Smithfield, Rhode Island under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or limited as to reimbursement. The Schedule also includes \$31,242 for the estimated market value of food commodities received by the Town of Smithfield. These commodities have not been reported in revenue or expenses of the Business-Type Activities for financial statement purposes.

NOTE 3 – DETERMINATION OF MAJOR PROGRAMS

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

NOTE 4 – INDIRECT COST RECOVERY

The Town of Smithfield, Rhode Island, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

TOWN OF SMITFIELD, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major program:

Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii CFDA #14.228

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

Auditee qualified as low-risk auditee? X yes _____ no

TOWN OF SMITHFIELD, RHODE ISLAND

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018***

II. FINDINGS -- RELATED TO THE AUDIT OF FINANCIAL STATEMENTS

Current Year Findings:

None

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

Current Year Findings:

None

TOWN OF SMITHFIELD, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)

Prior Year Findings:

None

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