

TOWN OF SMITHFIELD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



Capron Pond Dam

**Dennis G. Finlay
Town Manager**

**Randy R. Rossi
Finance Director/Treasurer**

Prepared by: Finance Department

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

**TOWN OF SMITHFIELD, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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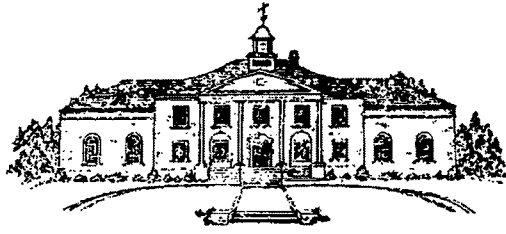
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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials
Certificate of Achievement for Excellence in Financial Reporting



Town of Smithfield

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

December 4, 2011

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

The Comprehensive Annual Financial Report of the Town of Smithfield, for the fiscal year ended June 30, 2011 is submitted herewith. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial positions, results of operations and cash flows of the Town. All disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

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

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

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

GOVERNMENT PROFILE

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

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

GENERAL

Except as provided below, under Rhode Island law the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$78,980,394 based on net assessed valuations of \$2,632,679,800 as December 31, 2010. As of June 30, 2011, the Town has no debt outstanding under the 3% debt limit provision; all outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town Electorate.

STATE SCHOOL AID

Pursuant to Rhode Island General Laws Sections 16-7-15 et seq., as amended, the State provides school operations aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized evaluation of property and median family income of a community relative to the state as a whole. The Town's School Department received \$4,735,789 in direct state aid with the difference being made up by American Recovery and Reinvestment Act (ARRA) funding in the amount of \$174,247 for the fiscal year ended June 30, 2011. The Town budgeted \$4,742,584 in direct state aid and \$223,988 in ARRA funding for fiscal year ending June 30, 2012.

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, 2011, the Town received \$324,572 in such construction aid and the Town budgeted \$250,000 for fiscal year ending June 30, 2012.

EDUCATION

A five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms directs the general administration of the Smithfield School System. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenues to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2011 was \$32,437,157. The School Department budget for fiscal year ending June 30, 2012 is \$32,581,004. The cost per student is \$13,186 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

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

| <u>FISCAL YEAR ENDING</u> | <u>ENROLLMENT</u> |
|---------------------------|-------------------|
| 2002 | 2,687 |
| 2003 | 2,703 |
| 2004 | 2,615 |
| 2005 | 2,659 |
| 2006 | 2,625 |
| 2007 | 2,609 |
| 2008 | 2,599 |
| 2009 | 2,555 |
| 2010 | 2,504 |
| 2011 | 2,470 |

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 | 4,655 | 5,336 |
| Commercial | 323 | 2,695 |
| Industrial | 24 | 271 |
| Total | <u>5,002</u> | <u>8,302</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, 2011 residential users were charged a flat rate of \$280 for the year.

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

SANITATION

Weekly rubbish and garbage collection is provided by the Town through the use of private contractors. For the fiscal year ended June 30, 2011, the Public Works Department expended \$952,216 for these services. For the fiscal year ending June 30, 2012 the approved budget is \$995,000.

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, 2011 totaled \$2,086,589 and budgeted \$2,350,195 for fiscal year ending June 30, 2012.

PUBLIC SAFETY

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

The Police Department consists of 41 full-time police officers and 1 auxiliary officer. In addition, there are 12 civilian full-time and 6 civilian part-time employees of support personnel including dispatch and animal control. The Police Department expended \$4,621,048 for fiscal year ended June 30, 2011 and budgeted \$4,623,841 for fiscal year ending June 30, 2012.

The Fire Department has 3 fire stations staffed by 48 full-time fire fighters and support personnel of 5 full-time employees. The Fire Department expended \$4,561,394 for fiscal year ended June 30, 2011 and budgeted \$4,567,101 for fiscal year ending June 30, 2012.

PUBLIC LIBRARIES

The Town operates two public libraries, Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2011 the combined allocation from the Town was \$1,187,734 and budgeted \$1,187,734 for the fiscal year ending June 30, 2012.

EMPLOYEE RELATIONS

The Town of Smithfield currently employs 165 full-time employees exclusive of those employed by the School Department. The School Department employs 222.6 certified employees and 89 full-time and part-time non-certified employees.

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

| | |
|---|---|
| Police Department | 1 year contract expires June 30, 2011 |
| Fire Department | 1 year contract expires June 30, 2011 |
| Police Civilian Employees | 3 year contract expires June 30, 2011 |
| Public Works Employees | 3 year contract expires June 30, 2011 |
| Town Hall Employees | 3 year contract expires June 30, 2011 |
| Teachers | 3 year contract expires August 31, 2011 |
| Custodians | 3 year contract expires June 30, 2013 |
| Teacher Para-Professionals & Clerical Employees | 3 year contract expires June 30, 2012 |

FINANCIAL INFORMATION

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

INTERNAL CONTROLS

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

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

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

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

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

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

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

DEBT ADMINISTRATION

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the Town’s debt position to municipal management, citizens and investors. This data for the Town at June 30, 2011 is as follows:

| | RATIO OF NET BONDED DEBT TO ASSESSED VALUE | DEBT PER CAPITA |
|-----------------|---|-----------------------|
| AMOUNT | | |
| Net Bonded Debt | \$13,170,000 | 0.48% |
| | | \$614.56 |

The Town’s bond ratings as of June 30, 2011 are as follows:

- Moody’s: Aa2
- S & P: AA

CASH MANAGEMENT

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

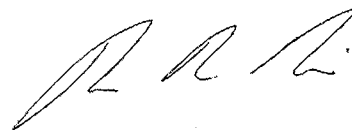
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smithfield for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the third 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.

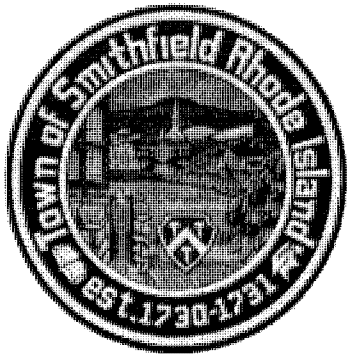
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully Submitted,

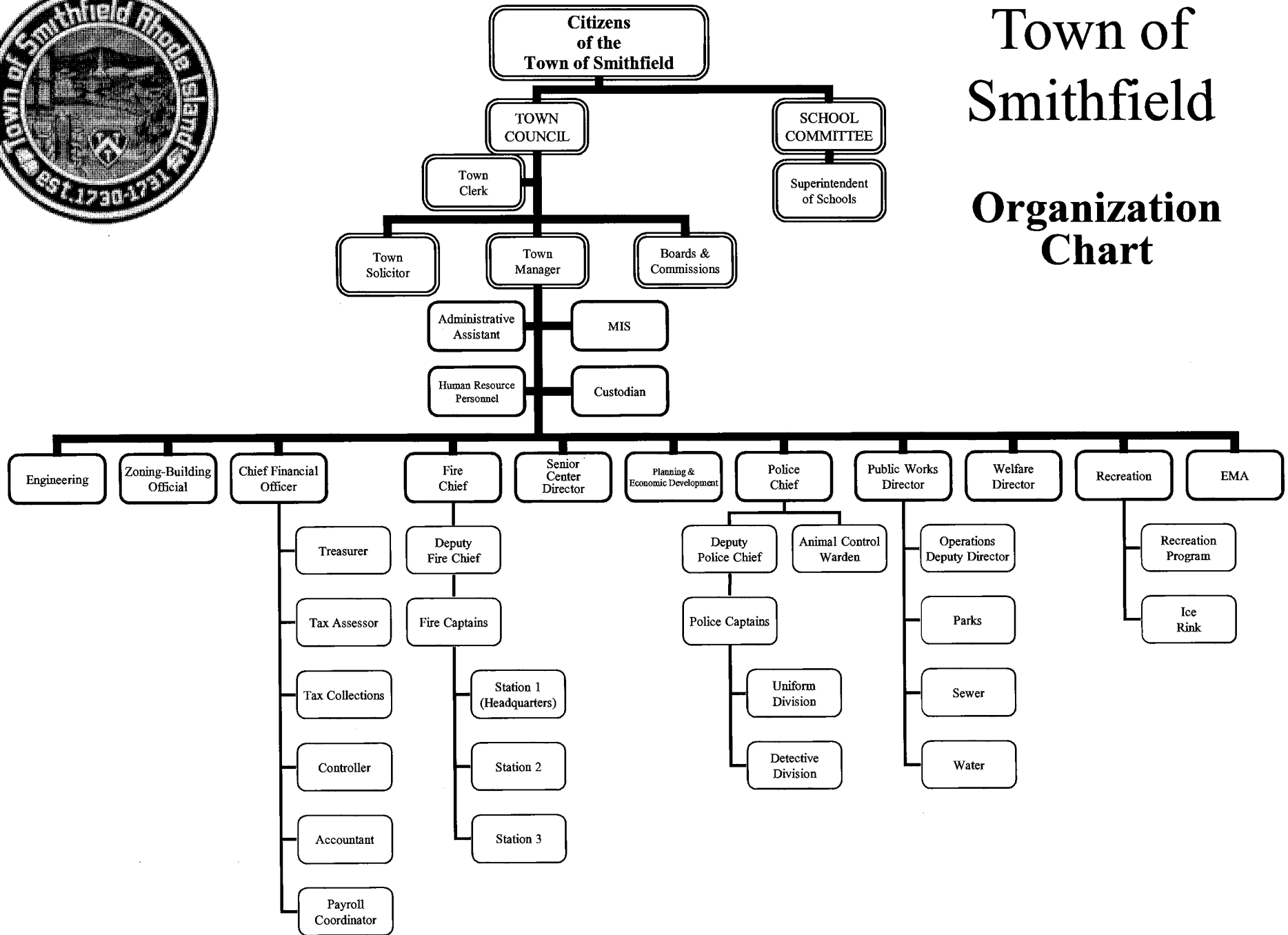


Randy R. Rossi
Finance Director



Town of Smithfield

Organization Chart



TOWN OF SMITHFIELD, RHODE ISLAND

June 30, 2011

TOWN COUNCIL

Michael J. Flynn, President
Richard A. Poirier, Vice-President
Maxine Cavanagh
Bernard A. Hawkins
Ronald F. Manni

TOWN MANAGER

Dennis G. Finlay

DEPARTMENT DIRECTORS

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Smithfield
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island (Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "***Government Auditing Standards***" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

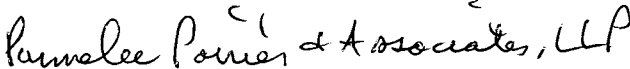
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2011 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, budgetary comparison schedule, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Parmelee, Poirier & Associates, LLP
December 4, 2011

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Our discussion and analysis of the Town of Smithfield, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's net assets increased \$203,801, or 0.3% as a result of this year's current operations. On a government-wide basis the assets of the Town of Smithfield exceeded its liabilities at the close of the most recent fiscal year by \$63,048,812. Net assets of Governmental Activities increased by \$1,323,951 or 3.6%, while net assets of business activities decreased by \$1,120,150 or 4.2%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$66,029,473, a 3.2% decrease from the prior year, while revenues collected were \$66,233,274 a 3.9% decrease. The revenue decreases were mainly due to decreases in investment earning rates and state aid in the fiscal year ended June 30, 2011.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,150,467. Over 36.7% of this amount, \$7,398,722 is unassigned and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$3,097,124, or 12.4% of the total general fund expenditures for the fiscal year. The general fund's current fiscal year's revenues and transfers exceeded expenditures and transfers by \$292,149.

Overview of the Financial Statements

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

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

In addition to the basic financial statements, this report also contains other supplementary information. The Town's basic financial statements and other supplementary information provide information about the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

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

The *Statement of Net Assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

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

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

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

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

The Town maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Special Revenue Unrestricted Fund and the Log Road Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

The basic proprietary fund financial statements are presented on pages 17 through 20.

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

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 63.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 64 through 70.

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

Government-wide Financial Analysis

Analysis of the Town of Smithfield's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Smithfield, governmental activities assets exceeded liabilities by \$63,048,812 as of June 30, 2011. This reflects an increase of \$203,801 from this current year's activity.

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

TOWN OF SMITHFIELD, RHODE ISLAND
Net Assets

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| ASSETS | | | | | | |
| Current and other assets | \$ 22,057,861 | \$ 22,864,943 | \$ 9,841,694 | \$10,540,474 | \$31,899,555 | \$33,405,417 |
| Capital assets | 39,799,515 | 38,299,614 | 20,007,608 | 20,492,873 | 59,807,123 | 58,792,487 |
| TOTAL ASSETS | <u>61,857,376</u> | <u>61,164,557</u> | <u>29,849,302</u> | <u>31,033,347</u> | <u>91,706,678</u> | <u>92,197,904</u> |
| LIABILITIES | | | | | | |
| Other liabilities | 848,660 | 5,570,439 | 3,282,464 | 3,261,869 | 4,131,124 | 8,832,308 |
| Long-term liabilities | 23,324,384 | 19,233,737 | 1,202,358 | 1,286,848 | 24,526,742 | 20,520,585 |
| Total liabilities | <u>24,173,044</u> | <u>24,804,176</u> | <u>4,484,822</u> | <u>4,548,717</u> | <u>28,657,866</u> | <u>29,352,893</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 24,860,537 | 27,277,016 | 18,805,250 | 19,206,025 | 43,665,787 | 46,483,041 |
| Unrestricted | 12,823,795 | 9,083,365 | 6,559,230 | 7,278,605 | 19,383,025 | 16,361,970 |
| Total net assets | <u>\$ 37,684,332</u> | <u>\$ 36,360,381</u> | <u>\$25,364,480</u> | <u>\$26,484,630</u> | <u>\$63,048,812</u> | <u>\$62,845,011</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The largest portion of the Town's net assets \$46,665,787 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

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

Analysis of the Town of Smithfield's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2011. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities increased the Town's net assets by \$1,323,951 for the current period, which is an overall increase of 3.6% in the Town's governmental net assets, while business-type activities decreased the Town's net assets by \$1,120,150, accounting for a 4.2% decrease in business-type net assets. Overall the Town's net assets increased by \$203,801 which is a 0.3% increase over the prior year's net assets.

The net change in fund balance for the fiscal year ended June 30, 2011 was an increase of \$3,858,732 for the Towns governmental fund types. In the statement of activities, expenditures for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$1,499,901 net of depreciation to the net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements but in the statement of activities this resulted in a decrease of \$1,002. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$3,670,000. Proceeds from debt issuance are recorded as revenues in the governmental funds but are recorded as an increase in long-term debt in the statement of net assets, which decreases net assets by \$7,650,000.

Reductions in net assets included a decrease in the Town's net pension obligation of \$430,358, and an increase in net OPEB obligation which resulted in a decrease in net assets of \$638,558.

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

TOWN OF SMITHFIELD, RHODE ISLAND
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 2,082,520 | \$ 2,237,824 | \$ 5,700,018 | \$ 5,369,024 | \$ 7,782,538 | \$ 7,606,848 |
| Operating grants and contributions | 8,564,346 | 9,491,613 | 30,996 | 246,309 | 8,595,342 | 9,737,922 |
| Capital grants and contributions | 846,585 | 1,260,360 | - | - | 846,585 | 1,260,360 |
| General revenues | | | | | | |
| Property taxes | 48,534,831 | 49,509,411 | - | - | 48,534,831 | 49,509,411 |
| Unrestricted investment earnings | 423,200 | 503,420 | 50,778 | 150,508 | 473,978 | 653,928 |
| Miscellaneous | - | 188,973 | - | - | - | 188,973 |
| Total revenues | <u>60,451,482</u> | <u>63,191,601</u> | <u>5,781,792</u> | <u>5,765,841</u> | <u>66,233,274</u> | <u>68,957,442</u> |
| Expenses | | | | | | |
| General government | 5,493,158 | 7,165,831 | - | - | 5,493,158 | 7,165,831 |
| Public safety | 14,998,929 | 15,133,585 | - | - | 14,998,929 | 15,133,585 |
| Public works | 4,156,445 | 4,048,196 | - | - | 4,156,445 | 4,048,196 |
| Education | 33,695,301 | 34,340,402 | - | - | 33,695,301 | 34,340,402 |
| Recreation | 7,434 | 38,334 | - | - | 7,434 | 38,334 |
| Public health & assistance | 529,720 | 590,711 | - | - | 529,720 | 590,711 |
| Community development | 28,512 | 79,929 | - | - | 28,512 | 79,929 |
| Other | - | - | 6,637,155 | 6,216,109 | 6,637,155 | 6,216,109 |
| Interest on long-term debt | 482,819 | 580,558 | - | - | 482,819 | 580,558 |
| Total expenses | <u>59,392,318</u> | <u>61,977,546</u> | <u>6,637,155</u> | <u>6,216,109</u> | <u>66,029,473</u> | <u>68,193,655</u> |
| Increase in net assets | 1,059,164 | 1,214,055 | (855,363) | (450,268) | 203,801 | 763,787 |
| Transfers | 264,787 | 163,804 | (264,787) | (163,804) | - | - |
| Increase (Decrease) in Net Assets | <u>1,323,951</u> | <u>1,377,859</u> | <u>(1,120,150)</u> | <u>(614,072)</u> | <u>203,801</u> | <u>763,787</u> |
| Net Assets - beginning | <u>36,360,381</u> | <u>34,982,522</u> | <u>26,484,630</u> | <u>27,098,702</u> | <u>62,845,011</u> | <u>62,081,224</u> |
| Net Assets - ending | <u>\$ 37,684,332</u> | <u>\$ 36,360,381</u> | <u>\$ 25,364,480</u> | <u>\$ 26,484,630</u> | <u>\$ 63,048,812</u> | <u>\$ 62,845,011</u> |

Financial Analysis of the Town of Smithfield's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,150,467. Approximately 39.2% of the total amount, or \$7,898,722 constituted unassigned fund balances. The remainder of the fund balance is restricted, committed or assigned for of future commitments or designated for specific purposes.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Fund balances:

| | General Fund | School Special Revenue Unrestricted Fund | Log Road | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|--|-----------------|------------------------------------|--------------------------------|
| Fund balances: | | | | | |
| Nonspendable fund balances: | | | | | |
| Town held tax liens | \$ 149,209 | \$ - | \$ - | \$ - | \$ 149,209 |
| Restricted fund balances: | | | | | |
| Capital reserve | 150,653 | - | - | - | 150,653 |
| Land Trust | 75,327 | - | - | - | 75,327 |
| Perpetual care | - | - | - | 63,576 | 63,576 |
| Committed fund balances: | | | | | |
| Subsequent year's budgeted expenditures | 850,000 | 500,000 | - | - | 1,350,000 |
| Assigned fund balances: | | | | | |
| Capital expenditures | 2,996,834 | - | - | - | 2,996,834 |
| Subsequent year's expenditures (RUBS) | 3,607,361 | - | - | - | 3,607,361 |
| Supplemental future tax assessments | 4,008,785 | - | - | - | 4,008,785 |
| Subsequent year's expenditures | 100,000 | - | - | - | 100,000 |
| Capital Outlay | 250,000 | - | - | - | 250,000 |
| Unassigned fund balance | 3,097,124 | - | - | - | 3,097,124 |
| Unassigned, reported in non-major: | | | | | |
| Special revenue funds | - | 2,458,141 | - | 6,693,820 | 9,151,961 |
| Capital projects fund | - | - | 14,414 | (4,864,777) | (4,850,363) |
| Total fund balances | <u>\$15,285,293</u> | <u>\$ 2,958,141</u> | <u>\$14,414</u> | <u>\$ 1,892,619</u> | <u>\$ 20,150,467</u> |

For a more detailed review of changes in fund balances, see the statement of revenues, expenditures and changes in fund balances on page 15.

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

Unrestricted net assets of the respective proprietary funds are \$6,559,230.

General Fund Budgetary Highlights

For the year ended June 30, 2011, the General Fund revenues and transfers were under budget projections by \$785,340, or 1.3%. General Fund expenditures were under budget by \$796,596, or 1.2%. This resulted in a \$11,256 budgetary surplus in the General Fund for the year ended June 30, 2011.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Revenues:

Property taxes – were over budget by \$61,750 due to a slight increase in delinquent tax collections during the operating year.

Intergovernmental revenues – were over budget by \$310,622 due to a conservative position taken for state aid revenues.

Licenses, fees and permits – were over budget by \$344,689 due to an unanticipated increase in building permit fees and recording fees collected.

Departmental revenues – were under budget by \$107,020 due to shortfalls in fees collected during the operating year.

Expenditures:

General Government Expenditures – was under budget by \$200,088 due to unfilled positions and reductions in capital expenses during the fiscal year.

Town Miscellaneous – was under budget by \$651,728 due to unfilled positions and savings created by negotiations with the town's health and dental care.

The Town of Smithfield's Capital Assets

The Town of Smithfield's investment in capital assets for its governmental and business-type activities amounts to \$59,807,123 net of accumulated depreciation at June 30, 2011. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

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

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 13,633,658 | \$ 12,184,956 | \$ 608,170 | \$ 608,170 | \$ 14,241,828 | \$ 12,793,126 |
| Construction in progress | 772,123 | 175,308 | 100,977 | 161,730 | 873,100 | 337,038 |
| Land improvements | - | - | 19,073 | 21,909 | 19,073 | 21,909 |
| Issuance costs | - | - | 71,004 | 74,731 | 71,004 | 74,731 |
| Plant and buildings | 12,879,916 | 12,982,779 | 3,968,055 | 3,711,434 | 16,847,971 | 16,694,213 |
| Pumping station and equipment | - | - | 6,823,552 | 7,091,223 | 6,823,552 | 7,091,223 |
| Street mains and manholes | - | - | 6,097,454 | 6,443,459 | 6,097,454 | 6,443,459 |
| Furniture and equipment | 1,101,880 | 999,978 | 23,458 | 31,988 | 1,125,338 | 1,031,966 |
| Motor vehicles | 1,439,054 | 1,583,629 | 100,704 | 137,300 | 1,539,758 | 1,720,929 |
| Transmission lines and hydrants | - | - | 2,195,161 | 2,210,929 | 2,195,161 | 2,210,929 |
| Infrastructure | 9,972,884 | 10,372,964 | - | - | 9,972,884 | 10,372,964 |
| Total | <u>\$ 39,799,515</u> | <u>\$ 38,299,614</u> | <u>\$ 20,007,608</u> | <u>\$ 20,492,873</u> | <u>\$ 59,807,123</u> | <u>\$ 58,792,487</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The Town of Smithfield's Debt Administration

At the end of the current fiscal year, the Town of Smithfield's Governmental Activities had a total bonded debt of \$13,170,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

TOWN OF SMITHFIELD, RHODE ISLAND
Long-Term Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Bonds payable | \$ 13,170,000 | \$ 8,420,000 | \$ - | \$ - | \$ 13,170,000 | \$ 8,420,000 |
| Lease participation certificates | 1,665,000 | 2,435,000 | - | - | 1,665,000 | 2,435,000 |
| Notes payable | - | - | 1,202,358 | 1,286,848 | 1,202,358 | 1,286,848 |
| Total | <u>\$ 14,835,000</u> | <u>\$ 10,855,000</u> | <u>\$ 1,202,358</u> | <u>\$ 1,286,848</u> | <u>\$ 16,037,358</u> | <u>\$ 12,141,848</u> |

Additional information on the Town's long-term debt can be found in Note 6 of the Notes to the Financial Statements on pages 38 through 41 and on pages 100 through 102.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2011 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 \$78,980,394 at year-end. The Town's outstanding general obligation debt is \$13,170,000 at year-end, of which none is subject to the legal debt margin. See Exhibit 12 on page 115 for a further explanation of debt subject to the margin.

Economic Factors and Next Year's Budgets and Rates

Smithfield is known as the Apple Valley for orchards. In the 20th century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 65.63% of the tax base while commercial and industrial account for 24.91% of the tax base.

EMPLOYMENT

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

HOUSING

At the end of October 2011 the median sale price for single family homes in Smithfield was \$232,500 and the median price of all sales was \$219,000.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

POPULATION

In the 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 |

The Town of Smithfield's total general fund budget for fiscal year 2012 amounts to \$61,942,487 which reflects an increase of \$1,323,398 or 2.18% above the fiscal year 2011 budget of \$60,619,089. Of the Town's 2012 budget, \$32,581,004, or 53% is budgeted for education expenditures.

The state of Rhode Island is budgeted to contribute \$4,742,584 to the Town's education department based on State Aid.

The Town's tax rate for fiscal year 2012 is \$15.85 per \$1,000 of assessed value with 47% allocated for general government and 53% allocated for education. For fiscal year 2011 the Town's tax rate was \$15.59 per \$1,000 of assessed value with 46% allocated for general government and 54% allocated for education.

Request for Information

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



Randy R. Rossi
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
June 30, 2011

Primary Government

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 15,838,636 | \$ 8,056,951 | \$ 23,895,587 |
| Investments | - | 258,642 | 258,642 |
| Accounts receivable: | | | |
| Taxes - net | 4,476,614 | - | 4,476,614 |
| Water and sewer assessments and user fees - net | - | 1,281,791 | 1,281,791 |
| Other receivables | 264,939 | 91,728 | 356,667 |
| Due from other governments | 1,253,303 | 13,072 | 1,266,375 |
| Town held tax liens | 149,209 | - | 149,209 |
| Inventory at cost | - | 25,945 | 25,945 |
| Prepaid Items | - | 107,565 | 107,565 |
| Other Assets - net | 75,160 | 6,000 | 81,160 |
| Capital assets: | | | |
| Property, plant and equipment - net | 39,027,392 | 20,007,608 | 59,035,000 |
| Construction in progress | 772,123 | - | 772,123 |
| Total capital assets | <u>39,799,515</u> | <u>20,007,608</u> | <u>59,807,123</u> |
| TOTAL ASSETS | <u>61,857,376</u> | <u>29,849,302</u> | <u>91,706,678</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 2,126,671 | 341,611 | 2,468,282 |
| Unearned revenue | 78,318 | 928,829 | 1,007,147 |
| Internal balances | (2,012,024) | 2,012,024 | - |
| Other liabilities | 655,695 | - | 655,695 |
| Long-term liabilities | | | |
| Due within one year | 1,920,873 | 85,491 | 2,006,364 |
| Due in more than one year | 21,403,511 | 1,116,867 | 22,520,378 |
| Total liabilities | <u>24,173,044</u> | <u>4,484,822</u> | <u>28,657,866</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 24,860,537 | 18,805,250 | 43,665,787 |
| Unrestricted | 12,823,795 | 6,559,230 | 19,383,025 |
| Total net assets | <u>\$ 37,684,332</u> | <u>\$ 25,364,480</u> | <u>\$ 63,048,812</u> |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2011

| | Expenses | Program revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------|------------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | |
| | | | | Governmental Activities | Business-type Activities | Total |
| Functions/ Programs | | | | | | |
| Primary government | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 5,493,158 | \$ 821,074 | \$ 1,130,346 | \$ 340,390 | \$ (3,201,348) | \$ (3,201,348) |
| Public safety | 14,998,929 | 967,990 | 58,268 | 182,739 | (13,789,932) | (13,789,932) |
| Public works | 4,156,445 | 258,141 | 177,788 | 323,456 | (3,397,060) | (3,397,060) |
| Education | 33,695,301 | - | 7,161,339 | - | (26,533,962) | (26,533,962) |
| Public health and assistance | 7,434 | 15,940 | 19,943 | - | 28,449 | 28,449 |
| Parks and recreation | 529,720 | 19,375 | - | - | (510,345) | (510,345) |
| Community development | 28,512 | - | 16,662 | - | (11,850) | (11,850) |
| Interest on long-term debt and other cost | 482,819 | - | - | - | (482,819) | (482,819) |
| Total governmental activities | <u>59,392,318</u> | <u>2,082,520</u> | <u>8,564,346</u> | <u>846,585</u> | <u>(47,898,867)</u> | <u>(47,898,867)</u> |
| Business type activities: | | | | | | |
| Sewer Authority | 2,634,652 | 2,652,442 | - | - | \$ 17,790 | 17,790 |
| Water Supply Board | 1,114,814 | 1,396,329 | - | - | 281,515 | 281,515 |
| Non-Major Funds | 2,887,689 | 1,651,247 | 30,996 | - | (1,205,446) | (1,205,446) |
| Total business-type activities | <u>6,637,155</u> | <u>5,700,018</u> | <u>30,996</u> | <u>-</u> | <u>(906,141)</u> | <u>(906,141)</u> |
| Total primary government | <u>\$ 66,029,473</u> | <u>\$ 7,782,538</u> | <u>\$ 8,595,342</u> | <u>\$ 846,585</u> | <u>(47,898,867)</u> | <u>(48,805,008)</u> |
| General revenues: | | | | | | |
| Property taxes | | | | 48,534,831 | - | 48,534,831 |
| Unrestricted investment earnings | | | | 423,200 | 50,778 | 473,978 |
| Total general revenues | | | | <u>48,958,031</u> | <u>50,778</u> | <u>49,008,809</u> |
| Transfers: | | | | | | |
| | | | | 264,787 | (264,787) | - |
| Change in net assets | | | | <u>1,323,951</u> | <u>(1,120,150)</u> | <u>203,801</u> |
| Net assets - beginning | | | | 36,360,381 | 26,484,630 | 62,845,011 |
| Net assets - ending | | | | <u>\$ 37,684,332</u> | <u>\$ 25,364,480</u> | <u>\$ 63,048,812</u> |

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

Fund Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2011

| | General Fund | School Special Revenue Unrestricted Fund | Log Road | Other Non-Major Governmental Funds | Total Governmental Funds |
|--|----------------------|--|------------------|---|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 7,661,337 | \$ 768,715 | \$ - | \$ 7,408,584 | \$ 15,838,636 |
| Accounts receivable: | | | | | |
| Taxes, net | 4,476,614 | - | - | - | 4,476,614 |
| Other | 42,716 | 1,355 | - | - | 44,071 |
| Town held tax liens | 149,209 | - | - | - | 149,209 |
| Due from other governments | 82,568 | 72,158 | - | 1,098,577 | 1,253,303 |
| Internal balances | 9,758,816 | 3,162,343 | 14,414 | 2,160,164 | 15,095,737 |
| TOTAL ASSETS | \$ 22,171,260 | \$ 4,004,571 | \$ 14,414 | \$ 10,667,325 | \$ 36,857,570 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 364,003 | \$ 903,562 | \$ - | \$ 474,643 | \$ 1,742,208 |
| Accrued payroll and benefits | 299,444 | - | - | - | 299,444 |
| Due to other governments | 10,208 | - | - | - | 10,208 |
| Internal balances | 4,745,080 | 61,521 | - | 8,149,313 | 12,955,914 |
| Deferred revenues | 1,172,791 | - | - | 76,818 | 1,249,609 |
| Other liabilities | 294,441 | 81,347 | - | 73,932 | 449,720 |
| Total liabilities | 6,885,967 | 1,046,430 | - | 8,774,706 | 16,707,103 |
| Fund balances: | | | | | |
| Nonspendable fund balances | 149,209 | - | - | - | 149,209 |
| Restricted fund balances | 225,980 | - | - | 63,576 | 289,556 |
| Committed fund balances | 850,000 | 500,000 | - | - | 1,350,000 |
| Assigned fund balances | 10,962,980 | - | - | - | 10,962,980 |
| Unassigned fund balance, reported in: | | | | | |
| General fund | 3,097,124 | - | - | - | 3,097,124 |
| Special revenue funds | - | 2,458,141 | - | 6,693,820 | 9,151,961 |
| Capital projects fund | - | - | 14,414 | (4,864,777) | (4,850,363) |
| Total fund balances | 15,285,293 | 2,958,141 | 14,414 | 1,892,619 | 20,150,467 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 22,171,260 | \$ 4,004,571 | \$ 14,414 | \$ 10,667,325 | |

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

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 10) | 39,799,515 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10) | 1,058,734 |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10) | (23,324,384) |
| Net assets of governmental activities | \$ 37,684,332 |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | General Fund | School Special Revenue Unrestricted Fund | Log Road | Other Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|--|--------------------|---|--------------------------------|
| Revenues | | | | | |
| General property tax | \$ 48,535,833 | \$ - | \$ - | \$ - | \$ 48,535,833 |
| Intergovernmental | 1,454,918 | - | - | 2,021,192 | 3,476,110 |
| State aid for education | 4,735,789 | - | - | - | 4,735,789 |
| Federal revenue - SFSF | 174,247 | - | - | - | 174,247 |
| License, fees and permits | 804,689 | - | - | - | 804,689 |
| Investment income | 372,514 | - | - | 50,686 | 423,200 |
| Departmental | 573,919 | - | - | - | 573,919 |
| Other revenues | - | 103,745 | - | 1,314,661 | 1,418,406 |
| Total revenues | <u>56,651,909</u> | <u>103,745</u> | <u>-</u> | <u>3,386,539</u> | <u>60,142,193</u> |
| Expenditures | | | | | |
| General government | 2,387,969 | - | 38,795 | 377,999 | 2,804,763 |
| Public safety | 9,190,144 | - | - | 224,585 | 9,414,729 |
| Public works | 3,038,805 | - | - | 3,136 | 3,041,941 |
| Education | - | 32,227,837 | - | 1,539,330 | 33,767,167 |
| Public health and assistance | 7,434 | - | - | - | 7,434 |
| Parks and recreation | 435,738 | - | - | - | 435,738 |
| Community development | - | - | - | 28,512 | 28,512 |
| Employee benefits and operating grants | 7,812,770 | - | - | - | 7,812,770 |
| Debt service: | | | | | |
| Principal | 1,600,000 | - | - | 2,070,000 | 3,670,000 |
| Interest and other cost | 569,885 | - | - | - | 569,885 |
| Capital: | | | | | |
| Capital outlay | - | - | - | 2,645,309 | 2,645,309 |
| Total expenditures | <u>25,042,745</u> | <u>32,227,837</u> | <u>38,795</u> | <u>6,888,871</u> | <u>64,198,248</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>31,609,164</u> | <u>(32,124,092)</u> | <u>(38,795)</u> | <u>(3,502,332)</u> | <u>(4,056,055)</u> |
| Other financing sources (uses) | | | | | |
| Proceeds from issuance of debt | - | - | 2,500,000 | 5,150,000 | 7,650,000 |
| Transfers from other funds | 3,181,840 | - | - | 1,071,850 | 4,253,690 |
| Transfers from General Fund - local appropriation | - | 27,264,432 | - | - | 27,264,432 |
| Transfers from General Fund - state aid | - | 4,648,478 | - | - | 4,648,478 |
| Transfers from General Fund - federal SFSF | - | 174,247 | - | - | 174,247 |
| Transfers from General Fund - miscellaneous | - | 350,000 | - | - | 350,000 |
| Transfers to School Unrestricted Fund - appropriation | (27,264,432) | - | - | - | (27,264,432) |
| Transfers to School Unrestricted Fund - State-aid for education | (4,648,478) | - | - | - | (4,648,478) |
| Transfers to School Unrestricted Fund - federal SFSF | (174,247) | - | - | - | (174,247) |
| Transfers to School Unrestricted Fund - miscellaneous | (350,000) | - | - | - | (350,000) |
| Transfers to other funds | (2,061,698) | - | - | (1,927,205) | (3,988,903) |
| Total other financing sources (uses) | <u>(31,317,015)</u> | <u>32,437,157</u> | <u>2,500,000</u> | <u>4,294,645</u> | <u>7,914,787</u> |
| Excess of revenues and other sources over(under) expenditures and other uses | <u>292,149</u> | <u>313,065</u> | <u>2,461,205</u> | <u>792,313</u> | <u>3,858,732</u> |
| Fund balances - beginning | <u>14,993,144</u> | <u>2,645,076</u> | <u>(2,446,791)</u> | <u>1,100,306</u> | <u>16,291,735</u> |
| Fund balances - ending | <u>\$ 15,285,293</u> | <u>\$ 2,958,141</u> | <u>\$ 14,414</u> | <u>\$ 1,892,619</u> | <u>\$ 20,150,467</u> |

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

TOWN OF SMITHFIELD RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

| | | |
|---|-------------|--------------|
| Net change in fund balances-total governmental funds | | \$ 3,858,732 |
| <p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p> | | |
| <p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions of \$3,813,241 exceed depreciation (\$2,313,340) in the current period. These asset additions are capitalized from the following: general government expenditures (\$564,815), Land donation revenues (\$340,390), education expenditures (\$262,727), Construction in progress (\$147,470) and capital expenditures (\$2,645,309).</p> | | |
| | 1,499,901 | |
| <p>Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities.</p> | | |
| | | (1,002) |
| <p>Amortization of bond premiums in the current period do not represent current financial resources, however they are recognized as revenues in the statement of activities. Accrued interest is included as liability in the statement of net assets. Premiums received from bond issuance are amortized in the statement of activities.</p> | | |
| | | 56,967 |
| <p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.</p> | | |
| Principal payments made on long-term debt | 3,670,000 | |
| Proceeds from issuance of debt | (7,650,000) | |
| Decrease in capital leases | 63,620 | |
| Net decrease in compensated absences | 33,933 | |
| Net increase in the other post employment benefit obligation | (638,558) | |
| Net decrease in the net pension obligation | 430,358 | (4,090,647) |
| | | |
| Change in net assets of governmental activities | | \$ 1,323,951 |

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2011

Enterprise Funds

| | <u>Sewer Authority</u> | <u>Water Supply Board</u> | <u>Non-Major Funds</u> | <u>Total</u> |
|---|----------------------------|-----------------------------------|----------------------------|----------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 5,778,504 | \$ 910,624 | \$ 1,367,823 | \$ 8,056,951 |
| Investments | - | - | 258,642 | 258,642 |
| Water and sewer assessments and user fees - net | 221,526 | 295,428 | 26,166 | 543,120 |
| Other receivables-net | 91,728 | - | - | 91,728 |
| Prepaid expenses | 107,565 | - | - | 107,565 |
| Due from other governments | - | - | 13,072 | 13,072 |
| Inventory | - | 25,945 | - | 25,945 |
| Total current assets | <u>6,199,323</u> | <u>1,231,997</u> | <u>1,665,703</u> | <u>9,097,023</u> |
| Non-current assets | | | | |
| Sewer assessment fees | 738,671 | - | - | 738,671 |
| Asset restricted to investment in building | - | - | 6,000 | 6,000 |
| Net capital assets | 14,509,572 | 2,430,217 | 3,067,819 | 20,007,608 |
| Total non-current assets | <u>15,248,243</u> | <u>2,430,217</u> | <u>3,073,819</u> | <u>20,752,279</u> |
| TOTAL ASSETS | <u>21,447,566</u> | <u>3,662,214</u> | <u>4,739,522</u> | <u>29,849,302</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | 45,358 | 62,545 | 144,515 | 252,418 |
| Deferred revenues | 926,800 | - | 2,029 | 928,829 |
| Internal balances | 1,306,648 | 372,547 | 332,829 | 2,012,024 |
| Current portion of bonds and notes payable | 85,491 | - | - | 85,491 |
| Total current liabilities | <u>2,364,297</u> | <u>435,092</u> | <u>479,373</u> | <u>3,278,762</u> |
| Non-current liabilities | | | | |
| Compensated absences payable | 21,508 | 21,753 | 45,932 | 89,193 |
| Bonds and notes payable long term portion | 1,116,867 | - | - | 1,116,867 |
| Total non-current liabilities | <u>1,138,375</u> | <u>21,753</u> | <u>45,932</u> | <u>1,206,060</u> |
| Total liabilities | <u>3,502,672</u> | <u>456,845</u> | <u>525,305</u> | <u>4,484,822</u> |
| Net Assets | | | | |
| Invested in Capital assets, net of related debt | 13,307,214 | 2,430,217 | 3,067,819 | 18,805,250 |
| Unrestricted | 4,637,680 | 775,152 | 1,146,398 | 6,559,230 |
| Total Net Assets | <u>\$ 17,944,894</u> | <u>\$ 3,205,369</u> | <u>\$ 4,214,217</u> | <u>\$ 25,364,480</u> |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | Enterprise Funds | | | Total |
|--|-------------------------|---------------------------|------------------------|----------------------|
| | Sewer Authority | Water Supply Board | Non-Major Funds | |
| Operating revenues | | | | |
| User fees and service | \$ 2,597,406 | \$ 1,364,497 | \$ 724,313 | \$ 4,686,216 |
| Food sales | - | - | 472,713 | 472,713 |
| Intergovernmental | - | - | 424,478 | 424,478 |
| Other revenues | 55,036 | 31,832 | 29,743 | 116,611 |
| Total operating revenues | <u>2,652,442</u> | <u>1,396,329</u> | <u>1,651,247</u> | <u>5,700,018</u> |
| Operating expenses | | | | |
| Salaries and benefits | 208,214 | 236,390 | 1,341,214 | 1,785,818 |
| Operations | 1,294,250 | 799,042 | 1,353,007 | 3,446,299 |
| Depreciation and amortization | 1,112,837 | 79,382 | 180,768 | 1,372,987 |
| Total operating expenses | <u>2,615,301</u> | <u>1,114,814</u> | <u>2,874,989</u> | <u>6,605,104</u> |
| Operating income (loss) | <u>37,141</u> | <u>281,515</u> | <u>(1,223,742)</u> | <u>(905,086)</u> |
| Non-operating revenues (expenses) | | | | |
| Contribution revenue | - | - | 30,996 | 30,996 |
| Interest income | 25,281 | 2,805 | 4,686 | 32,772 |
| Unrealized gain on investment | - | - | 18,006 | 18,006 |
| Interest expense | (19,351) | - | (12,700) | (32,051) |
| Total non-operating (expenses) | <u>5,930</u> | <u>2,805</u> | <u>40,988</u> | <u>49,723</u> |
| Transfers | | | | |
| Transfers in (out) | (1,172,500) | (300,000) | 1,207,713 | (264,787) |
| Total transfers | <u>(1,172,500)</u> | <u>(300,000)</u> | <u>1,207,713</u> | <u>(264,787)</u> |
| Change in Net Assets | <u>(1,129,429)</u> | <u>(15,680)</u> | <u>24,959</u> | <u>(1,120,150)</u> |
| Total Net Assets - Beginning | 19,074,323 | 3,221,049 | 4,189,258 | 26,484,630 |
| Total Net Assets - Ending | <u>\$ 17,944,894</u> | <u>\$ 3,205,369</u> | <u>\$ 4,214,217</u> | <u>\$ 25,364,480</u> |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| | Enterprise Funds | | | Total |
|---|----------------------------|-----------------------------------|----------------------------|---------------------|
| | Sewer Authority | Water Supply Board | Non-Major Funds | |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 3,134,554 | \$ 1,135,503 | \$ 1,370,399 | \$ 5,640,456 |
| Cash received from providing services | - | 31,832 | 282,798 | 314,630 |
| Cash payments to suppliers for goods and services | (1,593,936) | (801,308) | (1,330,672) | (3,725,916) |
| Cash payments to employees for services | (192,250) | (237,752) | (1,341,491) | (1,771,493) |
| Net cash provided by (used for) operating activities | <u>1,348,368</u> | <u>128,275</u> | <u>(1,018,966)</u> | <u>457,677</u> |
| Cash flows from non-capital financing activities | | | | |
| Transfers from (to) other funds | (1,172,500) | (300,000) | - | (1,472,500) |
| Contribution revenue received | - | - | 30,996 | 30,996 |
| Interfund loans | 92,683 | 97,372 | (3,037) | 187,018 |
| Net cash provided by non-capital financing activities | <u>(1,079,817)</u> | <u>(202,628)</u> | <u>27,959</u> | <u>(1,254,486)</u> |
| Cash flows from capital and related financing activities | | | | |
| Principal paid on bonds & notes | (84,490) | - | - | (84,490) |
| Additions to capital assets | (567,916) | (46,588) | (272,665) | (887,169) |
| Interest paid on long term debt | (19,351) | - | (12,700) | (32,051) |
| Net cash (used for) capital and related financing activities | <u>(671,757)</u> | <u>(46,588)</u> | <u>(285,365)</u> | <u>(1,003,710)</u> |
| Cash flows from investing activities | | | | |
| Interest income | 25,281 | 2,805 | 4,686 | 32,772 |
| Unrealized gain on investment | - | - | 18,006 | 18,006 |
| Net purchases of investments | - | - | (33,510) | (33,510) |
| Net cash provided by investing activities | <u>25,281</u> | <u>2,805</u> | <u>(10,818)</u> | <u>17,268</u> |
| Net increase (decrease) in cash and cash equivalents | (377,925) | (118,136) | (1,287,190) | (1,783,251) |
| Cash and cash equivalents at beginning of year | 6,156,429 | 1,028,760 | 1,447,853 | 8,633,042 |
| Cash and cash equivalents at end of year | <u>\$ 5,778,504</u> | <u>\$ 910,624</u> | <u>\$ 160,663</u> | <u>\$ 6,849,791</u> |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(continued)

| | <u>Enterprise Funds</u> | | | |
|--|----------------------------|-----------------------------------|----------------------------|-------------------|
| | <u>Sewer Authority</u> | <u>Water Supply Board</u> | <u>Non-Major Funds</u> | <u>Total</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | | |
| Operating income (Loss) | \$ 37,141 | \$ 281,515 | \$ (1,223,742) | \$ (905,086) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 1,112,837 | 79,382 | 180,768 | 1,372,987 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | 384,457 | (228,994) | 734 | 156,197 |
| (Increase) decrease in prepaid expenses | 2 | - | - | 2 |
| Increase (decrease) in accounts payable | (299,688) | (2,266) | 24,157 | (277,797) |
| Increase (decrease) in accrued expense | - | - | (277) | (277) |
| Increase (decrease) in compensated absences | 15,964 | (1,362) | - | 14,602 |
| Increase (decrease) in deferred revenue | 97,655 | - | (606) | 97,049 |
| Total adjustments | <u>1,311,227</u> | <u>(153,240)</u> | <u>204,776</u> | <u>1,362,763</u> |
| Net cash provided by operating activities | <u>\$ 1,348,368</u> | <u>\$ 128,275</u> | <u>\$ (1,018,966)</u> | <u>\$ 457,677</u> |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

| | Employee Retirements Funds | | | Agency Funds |
|---|-------------------------------------|-----------------------------------|----------------------|---------------------|
| | Police Pension Trust | Fire Pension Trust | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 578,821 |
| Internal balances | - | 93,069 | 93,069 | - |
| <i>Investments, at fair value:</i> | | | | |
| Cash management investment funds | 2,450,392 | 1,955,578 | 4,405,970 | - |
| Indexed stock fund | 1,071,926 | 5,972,137 | 7,044,063 | - |
| Diversified stock fund | 1,002,437 | 5,285,895 | 6,288,332 | - |
| Total investments | <u>4,524,755</u> | <u>13,213,610</u> | <u>17,738,365</u> | <u>-</u> |
| Total Assets | <u>4,524,755</u> | <u>13,306,679</u> | <u>17,831,434</u> | <u>578,821</u> |
| LIABILITIES | | | | |
| Deposits held in custody for others | - | - | - | 357,953 |
| Internal balances | - | - | - | 220,868 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 578,821</u> |
| NET ASSETS | | | | |
| Held in trust for pension benefits and other purposes | <u>\$ 4,524,755</u> | <u>\$ 13,306,679</u> | <u>\$ 17,831,434</u> | |

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Police Pension Trust</u> | <u>Fire Pension Trust</u> | <u>Total</u> |
|--|-------------------------------------|-----------------------------------|----------------------|
| Additions | | | |
| Contributions | | | |
| Employee | \$ - | \$ 237,303 | \$ 237,303 |
| Employer | 1,048,000 | 574,390 | 1,622,390 |
| Total contributions | <u>1,048,000</u> | <u>811,693</u> | <u>1,859,693</u> |
| Investment earnings | | | |
| Net increase (decrease) in fair value of investments | 286,617 | 2,427,894 | 2,714,511 |
| Interest and dividends | 90,933 | 119,470 | 210,403 |
| Total investment earnings | <u>377,550</u> | <u>2,547,364</u> | <u>2,924,914</u> |
| Total additions | <u>1,425,550</u> | <u>3,359,057</u> | <u>4,784,607</u> |
| Deductions | | | |
| Benefits paid | 1,630,808 | 842,988 | 2,473,796 |
| Operating expenses | 35,967 | 78,452 | 114,419 |
| Total deductions | <u>1,666,775</u> | <u>921,440</u> | <u>2,588,215</u> |
| Change in net assets | (241,225) | 2,437,617 | 2,196,392 |
| Net assets - beginning of year | 4,765,980 | 10,869,062 | 15,635,042 |
| Net assets - end of year | <u>\$ 4,524,755</u> | <u>\$ 13,306,679</u> | <u>\$ 17,831,434</u> |

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

Notes to Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. REPORTING ENTITY

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

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

Primary Government

The Town is a municipal corporation governed by a Council/Town Manager form of government with a five-member Town Council headed by a Council President.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

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

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

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

The following entities were considered for classification as component units for fiscal year 2011:

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. REPORTING ENTITY (Continued)

The Greenville Public Library

The Greenville Public Library provides services to residents generally within the geographic boundaries of the Town. The Greenville Public Library is included within the reporting entity because the government approves the Greenville Public Library's budget and provides a major portion of the funding for operations, and services are provided almost entirely for the primary government. This entity issues separate financial statements. This entity is discretely presented in the Business-Type Activities non-major funds.

East Smithfield Public Library

The East Smithfield Public Library provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Public Library is included within the reporting entity because the government approves the East Smithfield Public Library's budget and provides a major portion of the funding for operations, and services are provided almost entirely for the primary government. This entity issues separate financial statements. This entity is discretely presented in the Business-Type Activities non-major funds.

East Smithfield Neighborhood Center

The East Smithfield Neighborhood Center provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Neighborhood Center is included within the reporting entity because the government approves the East Smithfield Neighborhood Center's budget and provides a major portion of the funding for operations, and services are provided almost entirely for the primary government. This entity does not issue separate financial statements. This entity is discretely presented in the Business-Type Activities non-major funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town will adopt the following new accounting pronouncements in the current and future years:

- GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.
- GASB Statement No. 58 – Accounting and Financial Reporting for Chapter 9 Bankruptcies, effective for the Town's fiscal year ending June 30, 2010.

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

Basis of Presentation

Government-Wide Financial Statements

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual, governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

Permanent Funds

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

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

Fiduciary Funds (Not included in government-wide statements)

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Agency Funds

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

Agency Funds: Pupil Activity Funds, Probate Court, Street Lighting, and Soil Erosion

Major and Non-Major Funds

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

| <u>Fund</u> | <u>Brief Description</u> |
|-------------|--------------------------|
|-------------|--------------------------|

Major:

| | |
|------------------|--|
| General: | See above for description |
| Special Revenue: | School Department: accounts for the general operations of the Smithfield Public Schools |
| Capital Project: | Log Road: accounts for centrally located land purchased for a proposed Library and School development |
| Proprietary: | Sewer Authority: accounts for the overseeing of the sewer operations of the Town of Smithfield including the administration of the ten-year contract with Veolia Water, Inc. Water Supply Board: responsible for supplying water service for approximately one-third of the Town, and additionally a certain area in the Town of North Providence |

Non-Major:

| | |
|-------------------|--|
| Special Revenue: | School Restricted Grants, Accrued Retirement, Animal Control Fund, Animal Control Spay/Neuter, Bulletproof Vest Grant, Byrne Grant, Capital Reserve, CDBG, Document Preservation & Tech Upgrades, EMA Radio, Fire Prevention, Historical Records, Inspection Fees, Land Trust, Mobile Data Printer, Municipal Contingency, Operation Blue Riptide, Police Confiscated Funds, Tri-Town III, Wal-Mart Grant, Post Employment Escrow, Revaluation Escrow, Review Fees, Revolving Loan Fund, Alcohol Grant, Tobacco Grant, Passenger Safety, Click It or Ticket, Scholarship Fund, Senior Center Grant, Senior Center, Fire Rescue, Special Projects, Tri-Town Alcohol, Senior Center Memorial Donations, Police Memorial, JAG Stimulus State, GPA Welfare, Senior Center Expansion, and Tri-Town II |
| Capital Projects: | Apple Valley Road Connector, Deerfield Park, Mann School Road Drainage, Fire Department Headquarters, Green Acres Acquisition, High School Addition, Highway Drainage, Historic Landmark, Impact Fees, Land Acquisition – Open Space, Library Bond, Middle School Additions, Open Space & Recreation Area, Farm Land, Police Equipment, Road Resurfacing, Senior Center, Woods Plat Special Drainage, Esmond St. Enhancements, Water District Improvement Fee, Handicap Accessibility and Salt Barn Property |
| Permanent Fund: | Cemetery Fund |
| Proprietary: | School Lunch, Smithfield Ice Rink, East Smithfield Public Library, Greenville Public Library, and East Smithfield Neighborhood Center |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them. They do, however, use the accrual basis of accounting to recognize receivables and payables

Basis of Accounting

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

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

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

Investments

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

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

Accounts Receivable

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

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

Inventories

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

Vacation, Sick Leave and Other Compensated Absences

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Short-Term Interfund Receivable/Payables

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

Advances to Other Funds

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

Fund Balance Transactions

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

Prepaid Items

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

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

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

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

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

Fund Financial Statements

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Equity Classifications

Net Assets

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

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances).

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

- Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council.
- Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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 both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first [as allowed and in compliance with stated and specified terms or requirements], followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

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 Funds 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."

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.

Use of Estimates

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

Budgetary Process

The Town Council conducts a hearing on the proposed budget submitted by the 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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

and voted upon. Increases in the Council-recommended budget require an 80% favorable vote (commonly referred to as the "80% Rule") to open discussion. Following discussion, a simple majority is required for approval. Budget reductions require a simple majority to discuss or authorize.

The Town Moderator, who is appointed by the Council, conducts the Financial Town Meeting. The Town Council sits as the Budget Committee, and responds to questions along with the Town Manager and staff regarding the recommended municipal budget. The moderator conducts the meeting, ensures that the Rules of Order are enforced, and provides adequate opportunity for discussion upon each issue. Based on state statutes, the School Committee is authorized to spend funds up to the total amount appropriated for the Unrestricted Fund, which is considered the fund level. The budget of the School Unrestricted Fund is prepared annually and submitted to the School Committee for approval. The amount of the annual transfer from the Town's General Fund to the School Unrestricted Fund is ultimately determined through the adoption of the General Fund budget.

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - General Fund has been adjusted to a basis consistent with the Town's budget. Certain annual appropriations are carried over to next year's budget. There were \$3,607,361 of supplemental budgetary appropriations made during the fiscal year ended June 30, 2011.

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 reported on a budgetary basis to actual revenues reported in accordance with generally accepted accounting principles are as follows for the General Fund and the School Unrestricted Fund:

| | <u>Revenues and Transfers</u> | <u>Expenditures and Transfers</u> |
|--|-----------------------------------|---------------------------------------|
| General Fund: | | |
| <i>Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual</i> | | |
| | \$ 63,160,217 | \$ 63,148,961 |
| Plus: Fund Balance Reappropriated (RUBS)..... | - | (3,607,361) |
| Less: Fund Balance Appropriations | <u>(3,326,468)</u> | <u>-</u> |
| <i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i> | <u>\$ 59,833,749</u> | <u>\$ 59,541,600</u> |
| | | |
| School Unrestricted Fund: | | |
| <i>Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual</i> | | |
| | \$ 33,251,081 | \$ 32,227,837 |
| Transfer from fund balance to revenue for current year..... | (710,179) | - |
| Adjustment for pension contribution made by State of Rhode Island on behalf of employees | <u>1,241,270</u> | <u>1,241,270</u> |
| <i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i> | <u>\$ 33,782,172</u> | <u>\$ 33,469,107</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. CASH AND INVESTMENTS

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

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

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

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Town invests operating funds primarily in shorter-term securities, money market funds, or similar investment pools, although the Government does not have a formal policy relating to a specific investment related risk.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, none of the Town's balance of \$24,474,408 was uninsured or uncollateralized.

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

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The town did not have any debt type investments that were exposed to credit risk as defined by GASB 40.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2011. If applicable, information about the exposure of the town's debt type investments to this risk is reported using the segment time distribution model.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

3. CASH AND INVESTMENTS (Continued)

Cash and investments of the Town consist of the following at June 30, 2011

| | |
|--------------------------------------|-----------------------------|
| Cash and cash equivalents | |
| Deposits with financial institutions | \$ 24,474,408 |
| Investments | |
| Pension trust fund: | |
| Cash management investment funds | 4,405,970 |
| Indexed stock fund | 7,044,063 |
| Diversified stock fund | 6,288,332 |
| Total pension investments | <u>17,738,365</u> |
| Greenville Public Library | |
| Mutual funds | <u>258,642</u> |
| Total Greenville Public Library | <u>258,642</u> |
| Total investments | <u>17,997,007</u> |
| Total cash and investments | <u><u>\$ 42,471,415</u></u> |

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

| | |
|-----------------------------------|-----------------------------|
| Statement of Net Assets | |
| Cash and cash equivalents | \$ 23,895,587 |
| Investments | <u>258,642</u> |
| | <u>24,154,229</u> |
| Fiduciary Funds | |
| Cash and cash equivalents | 578,821 |
| Investments | <u>17,738,365</u> |
| | <u>18,317,186</u> |
| Total Cash and Investments | <u><u>\$ 42,471,415</u></u> |

4. TAXES AND ASSESSMENTS RECEIVABLE

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

Unpaid property taxes at June 30, 2011, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

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

Net property taxes levied for the fiscal year 2011 were based on a net assessed value of approximately \$2,632,679,801 at December 31, 2009, and amounted to \$48,233,107. Collections through June 30, 2011 amounted to \$43,814,774, which represents 90.84% of the total tax levy. The percentage collected through August 31, 2011 was approximately 97.69%.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

4. TAXES AND ASSESSMENTS RECEIVABLE (Continued)

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Government Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2011 are recorded as a receivable (net of an allowance for uncollectible property taxes of \$1,586,006 and amounted to \$4,476,614. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2011 are recorded as deferred revenue, net of allowance and amounted to \$1,171,291 at June 30, 2011. Property taxes recognized as revenue for the fiscal year ended June 30, 2011 due to their collection within the 60 days immediately following June 30, 2011 amount to \$3,305,262.

During the year ended June 30, 2011 the Town received \$275,060 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the original law, excise on motor vehicles and trailers were to be phased out over an eight year period commencing with fiscal year 1999-2000. The 2011 legislative session altered the original law by reducing the amount of reimbursement to cities and towns from 98% of the exemption amount down to 88% of the exemption amount. The phase-out program froze the tax rate at \$39.00 per thousand dollars of value which was the rate in the fiscal year ended June 30, 1998.

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

The allowance for uncollectible accounts of the Sewer Authority (\$32,541) is based on that portion of sewer assessment and user charges and miscellaneous accounts receivable which is estimated to be doubtful of collection, or which may be abated due to appeals now under consideration.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

5. INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

| | Primary Government | | | Ending Balance |
|---|----------------------|---------------------|-------------------|----------------------|
| | Beginning Balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 12,184,956 | \$ 1,448,702 | \$ - | \$ 13,633,658 |
| Construction in progress | 175,308 | 744,285 | 147,470 | 772,123 |
| Total capital assets not being depreciated | <u>12,360,264</u> | <u>2,192,987</u> | <u>147,470</u> | <u>14,405,781</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 24,865,621 | 573,588 | - | 25,439,209 |
| Equipment | 3,176,999 | 384,067 | - | 3,561,066 |
| Vehicles | 5,721,949 | 281,654 | 58,157 | 5,945,446 |
| Infrastructure | 76,243,524 | 528,415 | - | 76,771,939 |
| Total other capital assets at historical cost | <u>110,008,093</u> | <u>1,767,724</u> | <u>58,157</u> | <u>111,717,660</u> |
| Total capital assets | <u>122,368,357</u> | <u>3,960,711</u> | <u>205,627</u> | <u>126,123,441</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 11,882,842 | 676,451 | - | 12,559,293 |
| Equipment | 2,177,021 | 282,165 | - | 2,459,186 |
| Vehicles | 4,138,320 | 426,229 | 58,157 | 4,506,392 |
| Infrastructure | 65,870,560 | 928,495 | - | 66,799,055 |
| Total accumulated depreciation | <u>84,068,743</u> | <u>2,313,340</u> | <u>58,157</u> | <u>86,323,926</u> |
| Governmental activities capital assets, net | <u>\$ 38,299,614</u> | <u>\$ 1,647,371</u> | <u>\$ 147,470</u> | <u>\$ 39,799,515</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 645,104 |
| Public safety | 530,797 |
| Education | 190,861 |
| Recreation | 32,554 |
| Public works | 914,024 |
| Total governmental activities depreciation expense | <u>\$ 2,313,340</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

5. INFORMATION ABOUT CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

| | Primary Government | | | Ending Balance |
|---|----------------------|---------------------|------------------|----------------------|
| | Beginning Balance | Increases | Decreases | |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 608,170 | \$ - | \$ - | \$ 608,170 |
| Construction in progress | 161,730 | 27,977 | 88,730 | 100,977 |
| Total capital assets not being depreciated | <u>769,900</u> | <u>27,977</u> | <u>88,730</u> | <u>709,147</u> |
| Other capital assets: | | | | |
| Land improvements | 87,129 | - | - | 87,129 |
| Issuance costs | 91,283 | - | - | 91,283 |
| Plant and Buildings | 13,146,934 | 722,035 | - | 13,868,969 |
| Pumping station and equipment | 9,511,821 | 33,104 | - | 9,544,925 |
| Street mains and manholes | 17,414,898 | 125,071 | - | 17,539,969 |
| Motor vehicles | 154,349 | - | - | 154,349 |
| Furniture and equipment | 1,191,314 | 21,677 | - | 1,212,991 |
| Transmission lines and hydrants | 3,633,171 | 46,588 | - | 3,679,759 |
| Total other capital assets at historical cost | <u>45,230,899</u> | <u>948,475</u> | <u>-</u> | <u>46,179,374</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 65,220 | 2,836 | - | 68,056 |
| Issuance costs | 16,552 | 3,727 | - | 20,279 |
| Plant and Buildings | 9,435,500 | 465,414 | - | 9,900,914 |
| Pumping station and equipment | 2,420,598 | 300,775 | - | 2,721,373 |
| Street mains and manholes | 10,971,439 | 471,076 | - | 11,442,515 |
| Motor vehicles | 122,361 | 8,530 | - | 130,891 |
| Furniture and equipment | 1,054,014 | 58,273 | - | 1,112,287 |
| Transmission lines and hydrants | 1,422,242 | 62,356 | - | 1,484,598 |
| Total accumulated depreciation | <u>25,507,926</u> | <u>1,372,987</u> | <u>-</u> | <u>26,880,913</u> |
| Business-type activities capital assets, net | <u>\$ 20,492,873</u> | <u>\$ (396,535)</u> | <u>\$ 88,730</u> | <u>\$ 20,007,608</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Business-type activities: | |
| Sewer Authority | \$ 1,112,837 |
| Water Supply Board | 79,382 |
| Non-major enterprise funds | 180,768 |
| Total business-type activities depreciation expense | <u>\$ 1,372,987</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. LONG-TERM LIABILITIES

(a) General

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

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

The current three percent debt limit of the Town is \$78,980,394, based on the net assessed valuation at December 31, 2009 of \$2,632,679,801. There is no debt presently outstanding pursuant to this limitation.

Authorized But Unissued Debt

The Town has a total of \$16,540,000 in authorized, unissued debt consisting of the following authorizations:

| | <u>Authorized</u> | <u>Unissued</u> |
|--|---------------------|---------------------|
| Sewer: | | |
| Chapter 519 PL 1986 | \$ 1,000,000 | \$ 650,000 |
| Town Hall Renovation: | | |
| Chapter 27 PL 1987 | 1,100,000 | 240,000 |
| Water: | | |
| Chapter 32 PL 1989 | 5,000,000 | 3,000,000 |
| Land for School, Library and Related Purposes: | | |
| Chapter 421 PL 2004 | 1,500,000 | 1,500,000 |
| Land for School, Library and Related Purposes: | | |
| Chapter 30 PL 2006 | 1,000,000 | 1,000,000 |
| Road Repair and Reconstruction: | | |
| Chapter 122 PL 2006 | 5,000,000 | 5,000,000 |
| Total | <u>\$14,600,000</u> | <u>\$11,390,000</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. LONG-TERM LIABILITIES (Continued)

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

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

| | <u>Balance July 1, 2010</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2011</u> | <u>Amounts Due within One Year</u> |
|---|---------------------------------|----------------------|----------------------|----------------------------------|--|
| Governmental Activities | | | | | |
| Bonds Payable | \$ 8,420,000 | \$ 7,650,000 | \$ 2,900,000 | \$ 13,170,000 | \$ 1,060,000 |
| Lease Participation Certificates | 2,435,000 | - | 770,000 | 1,665,000 | 810,000 |
| Total bonds & notes payable | <u>10,855,000</u> | <u>7,650,000</u> | <u>3,670,000</u> | <u>14,835,000</u> | <u>1,870,000</u> |
| Other liabilities: | | | | | |
| Capital leases payable | 167,598 | - | 63,620 | 103,978 | 50,873 |
| Net pension obligation | 2,694,331 | 3,477,177 | 3,907,535 | 2,263,973 | - |
| Net other post employment benefit obligation | 1,778,967 | 2,302,143 | 1,663,585 | 2,417,525 | - |
| Accrued compensated absences | 3,737,841 | 1,346,609 | 1,380,542 | 3,703,908 | - |
| Total other liabilities | <u>8,378,737</u> | <u>7,125,929</u> | <u>7,015,282</u> | <u>8,489,384</u> | <u>50,873</u> |
| Governmental Activities long-term liabilities | <u>\$ 19,233,737</u> | <u>\$ 14,775,929</u> | <u>\$ 10,685,282</u> | <u>\$ 23,324,384</u> | <u>\$ 1,920,873</u> |
| Business-Type Activities | | | | | |
| Notes Payable | \$ 1,286,848 | \$ - | \$ 84,490 | \$ 1,202,358 | \$ 85,491 |
| Total notes payable | <u>1,286,848</u> | <u>-</u> | <u>84,490</u> | <u>1,202,358</u> | <u>85,491</u> |
| Other liabilities: | | | | | |
| Accrued compensated absences | 74,591 | - | - | 74,591 | - |
| Total other liabilities | <u>74,591</u> | <u>-</u> | <u>-</u> | <u>74,591</u> | <u>-</u> |
| Total enterprise funds | <u>\$ 1,361,439</u> | <u>\$ -</u> | <u>\$ 84,490</u> | <u>\$ 1,276,949</u> | <u>\$ 85,491</u> |

**TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

6. LONG-TERM LIABILITIES (Continued)

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

| | Interest Rates | Principal | Due Dates |
|---|----------------|----------------------|-----------|
| Governmental bonds and capital leases payable | 2.5-6.50% | \$ 14,835,000 | 2011-2031 |
| Enterprise Funds bonds and notes payable | 1.492-2.890% | 1,202,358 | 2011-2022 |
| Total All Funds | | \$ 16,037,358 | |

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

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

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

| Fiscal Year Ended <u>June 30</u> | Governmental Activities | | | Business-Type Activities | | | Total Activities | | |
|--|-------------------------|---------------------|----------------------|--------------------------|-------------------|---------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2012 | \$ 1,870,000 | \$ 628,625 | \$ 2,498,625 | \$ 85,491 | \$ 20,031 | \$ 105,522 | \$ 1,955,491 | \$ 648,656 | \$ 2,604,147 |
| 2013 | 1,915,000 | 545,963 | 2,460,963 | 86,491 | 18,742 | 105,233 | 2,001,491 | 564,705 | 2,566,196 |
| 2014 | 1,055,000 | 482,725 | 1,537,725 | 87,491 | 16,993 | 104,484 | 1,142,491 | 499,718 | 1,642,209 |
| 2015 | 1,055,000 | 438,213 | 1,493,213 | 89,447 | 15,969 | 105,416 | 1,144,447 | 454,182 | 1,598,629 |
| 2016 | 1,055,000 | 392,862 | 1,447,862 | 90,447 | 14,482 | 104,929 | 1,145,447 | 407,344 | 1,552,791 |
| 2017 | 655,000 | 350,638 | 1,005,638 | 92,404 | 12,932 | 105,336 | 747,404 | 363,570 | 1,110,974 |
| 2018 | 655,000 | 321,887 | 976,887 | 94,404 | 11,309 | 105,713 | 749,404 | 333,196 | 1,082,600 |
| 2019 | 655,000 | 293,138 | 948,138 | 96,361 | 9,610 | 105,971 | 751,361 | 302,748 | 1,054,109 |
| Thereafter | 5,920,000 | 1,411,951 | 7,331,951 | 479,822 | 21,365 | 501,187 | 6,399,822 | 1,433,316 | 7,833,138 |
| TOTALS | \$ 14,835,000 | \$ 4,866,002 | \$ 19,701,002 | \$ 1,202,358 | \$ 141,433 | \$ 1,343,791 | \$ 16,037,358 | \$ 5,007,435 | \$ 21,044,793 |

Accrued Compensated Absences - Town employees receive vested rights to paid vacation, sick time and compensatory time at the end of their first year of full-time employment with no pro rata payment if employment is terminated before the completion of a full year of service. An expenditure/expense is recognized each month as benefits are used, consistent with the standards established by GASB 16. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Historically, the general fund has been used in prior years to liquidate the liability for compensated absences.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. LONG-TERM LIABILITIES (Continued)

Capital Leases

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

The assets acquired through capital leases are as follows:

Governmental Activities

| | <u>Public Safety</u> | <u>Parks and Recreation</u> |
|-------------------------------------|----------------------|-----------------------------|
| Assets: | | |
| Vehicles and equipment..... | \$ 335,000 | \$ 71,510 |
| Less: accumulated depreciation..... | <u>(155,536)</u> | <u>(58,400)</u> |
| Total | <u>\$ 179,464</u> | <u>\$ 13,110</u> |

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

| | |
|-----------------------------------|------------------|
| 2012..... | \$ 55,437 |
| 2013..... | <u>55,437</u> |
| Future minimum payments..... | 110,874 |
| Less: interest..... | <u>(6,896)</u> |
| Total long-term debt | <u>\$103,978</u> |

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

7. SHORT-TERM DEBT

At July 8, 2009, the Town issued a \$2,635,000, 2.82% Bond Anticipation Note with a maturity date of July 7, 2010. The note proceeds of \$2,325,000 were used to purchase land for school, library and related purposes, and \$310,000 of proceeds were used for land trust open space. The Town paid off the short-term obligation with the issuance of debt as of January 15, 2011

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

8. INTERFUND BALANCES

Inter-fund balances represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are the balances as of June 30, 2011

| | <u>Due from other funds</u> | | <u>Due to other funds</u> | |
|--------------------------------|-----------------------------|-----------|---------------------------|-----------|
| General Fund | \$ 9,758,816 | | \$ 4,745,080 | |
| Special Revenue Funds: | | | | |
| School Unrestricted | 3,162,343 | | 61,521 | |
| School Restricted | 60,544 | | 622,034 | |
| Retirement Escrow | - | | 103,963 | |
| Log Road | 14,414 | | - | |
| Town Restricted | 1,688,640 | 4,925,941 | 1,383,748 | 2,171,266 |
| Capital Projects: | | 410,980 | | 6,039,568 |
| Trust and Agency Funds: | | | | |
| Agency Funds | - | | 220,868 | |
| Pension Trust Fund | 93,069 | 93,069 | - | 220,868 |
| Proprietary Funds | | | | |
| Sewer Authority | - | | 1,306,648 | |
| Water Supply Board | - | | 372,547 | |
| School Lunch | - | | 1,355 | |
| Greenville Public Library | - | | 276,651 | |
| Smithfield Ice Rink | - | - | 54,823 | 2,012,024 |
| | <u>\$ 15,188,806</u> | | <u>\$ 15,188,806</u> | |

9. GRANT PROGRAMS

Basis of Accounting

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

Grant Commitments

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

Community Development Block Grants

| | <u>10-31-23</u> | <u>09-31-22</u> | <u>Total</u> |
|---|-----------------|-----------------|-----------------|
| Contract Identification #..... | | | |
| Total entitlement | \$ 6,512 | \$ 79,000 | \$ 85,512 |
| Total drawdowns through June 30, 2011 | (3,750) | (79,000) | (82,750) |
| Balance of grant funds available at June 30, 2011 | <u>\$ 2,762</u> | <u>\$ -</u> | <u>\$ 2,762</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

"Total fund balances" of the town's governmental funds \$20,150,467 differs from "net assets" of governmental activities \$37,684,332 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

| | Total Governmental Funds | Long-term Assets/ Liabilities (1) | Reclassifications and Eliminations | Statement Net Assets Totals |
|---|---|--|---|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 15,838,636 | \$ - | \$ - | \$ 15,838,636 |
| Accounts receivable: | | | | |
| Taxes, net | 4,476,614 | - | - | 4,476,614 |
| Other | 44,071 | - | 220,868 | 264,939 |
| Town held tax liens | 149,209 | - | - | 149,209 |
| Due from other governments | 1,253,303 | - | - | 1,253,303 |
| Internal balances | 15,095,737 | - | (15,095,737) | - |
| Deferred charges | - | 75,160 | - | 75,160 |
| Capital assets | - | 39,799,515 | - | 39,799,515 |
| Total assets | 36,857,570 | 39,874,675 | (14,874,869) | 61,857,376 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,742,208 | - | - | 1,742,208 |
| Accrued payroll and benefits | 299,444 | 74,811 | - | 374,255 |
| Due to other governments | 10,208 | - | - | 10,208 |
| Internal balances | 12,955,914 | - | (14,967,938) | (2,012,024) |
| Deferred revenues | 1,249,609 | (1,171,291) | - | 78,318 |
| Other liabilities | 449,720 | 112,906 | 93,069 | 655,695 |
| Long-term liabilities | | | | |
| Due within one year | - | 1,920,873 | - | 1,920,873 |
| Due in more than one year | - | 21,403,511 | - | 21,403,511 |
| Total liabilities | 16,707,103 | 22,340,810 | (14,874,869) | 24,173,044 |
| Fund Balances/Net Assets | | | | |
| Total fund balances/net assets | 20,150,467 | 17,533,865 | - | 37,684,332 |
| Total liabilities and fund balances/net assets | \$ 36,857,570 | \$ 39,874,675 | \$ (14,874,869) | \$ 61,857,376 |

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

| | |
|--------------------------|----------------------|
| Cost of capital assets | \$ 126,123,441 |
| Accumulated depreciation | (86,323,926) |
| | \$ 39,799,515 |

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

| | |
|--------------------------------|---------------------|
| Bond premiums | \$ (112,906) |
| Deferred bond cost | 75,160 |
| Accrued interest payable | (74,811) |
| Adjustment of deferred revenue | 1,171,291 |
| | \$ 1,058,734 |

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

| | |
|--|------------------------|
| Bonds & notes payable | \$ (14,835,000) |
| Capital leases | (103,978) |
| Accrued compensated absences | (3,703,908) |
| Net other post employment benefit obligation | (2,417,525) |
| Net pension obligation | (2,263,973) |
| | \$ (23,324,384) |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

The "net change in the fund balances" for governmental funds \$3,858,732 differs from the "change in net assets" for governmental activities \$1,323,951 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

| | <u>Total Governmental Funds</u> | <u>Long-term Revenues/ Expenses (1)</u> | <u>Capital- related Items (2)</u> | <u>Long-term Debt Transactions (3)</u> | <u>Statement of Activities Totals</u> |
|---|---|---|---|--|---|
| Revenues | | | | | |
| General property tax | \$ 48,535,833 | \$ (1,002) | \$ - | \$ - | \$ 48,534,831 |
| Intergovernmental | 3,476,110 | - | - | - | 3,476,110 |
| State aid for education | 4,735,789 | - | - | - | 4,735,789 |
| Federal revenue - SFSF | 174,247 | - | - | - | 174,247 |
| License, fees and permits | 804,689 | - | - | - | 804,689 |
| Investment income | 423,200 | - | - | - | 423,200 |
| Departmental | 573,919 | - | - | - | 573,919 |
| Other revenues | 1,418,406 | 31,052 | 340,390 | (61,151) | 1,728,697 |
| Total revenues | <u>60,142,193</u> | <u>30,050</u> | <u>340,390</u> | <u>(61,151)</u> | <u>60,451,482</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 2,804,763 | 2,497,459 | 80,289 | 110,647 | 5,493,158 |
| Public safety | 9,414,729 | 5,053,403 | 530,797 | - | 14,998,929 |
| Public works | 3,041,941 | 200,480 | 914,024 | - | 4,156,445 |
| Education | 33,767,167 | - | (71,866) | - | 33,695,301 |
| Public health and assistance | 7,434 | - | - | - | 7,434 |
| Parks and recreation | 435,738 | 61,428 | 32,554 | - | 529,720 |
| Community development | 28,512 | - | - | - | 28,512 |
| Employee benefits and operating grants | 7,812,770 | (7,812,770) | - | - | - |
| Debt service: | | | | | |
| Principal | 3,670,000 | - | - | (3,670,000) | - |
| Interest and other cost | 569,885 | (11,906) | - | (75,160) | 482,819 |
| Capital outlay | 2,645,309 | - | (2,645,309) | - | - |
| Total expenditures | <u>64,198,248</u> | <u>(11,906)</u> | <u>(1,159,511)</u> | <u>(3,634,513)</u> | <u>59,392,318</u> |
| Other financing uses/changes in net assets | | | | | |
| Proceeds from issuance of debt | 7,650,000 | - | - | (7,650,000) | - |
| Net transfers to (from) other funds | 264,787 | - | - | - | 264,787 |
| Net other financing uses | <u>7,914,787</u> | <u>-</u> | <u>-</u> | <u>(7,650,000)</u> | <u>264,787</u> |
| Net change for the year | <u>\$ 3,858,732</u> | <u>\$ 41,956</u> | <u>\$ 1,499,901</u> | <u>\$ (4,076,638)</u> | <u>\$ 1,323,951</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

(1) Some property taxes will not be collected for several months after the town's fiscal year ends and are not considered as "available". Increases in deferred revenues do not provide current financial resources to governmental funds but are reported as revenues in the statement of activities.

| | |
|---------------------------------|-------------------|
| Deferred revenue property taxes | \$ <u>(1,002)</u> |
|---------------------------------|-------------------|

(1) Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest is added to the bonds payable, and bond issuance costs are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond. Premiums received from bond issuance are amortized in the statement of activities, while they are recorded as revenue in the governmental funds

| | |
|------------------------------|------------------|
| Accrued interest | \$ 11,906 |
| Amortization bond premiums | 31,052 |
| Bond premium | (61,151) |
| Deferred bond cost | 75,160 |
| Total expenditure adjustment | \$ <u>56,967</u> |

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

| | |
|--|--------------|
| General Government | \$ 2,497,459 |
| Public Safety | 5,053,403 |
| Public Works | 200,480 |
| Parks and recreation | 61,428 |
| Employee benefits and operating grants | (7,812,770) |
| Difference | \$ <u>-</u> |

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

| | |
|----------------------|---------------------|
| Capital outlay | \$ 3,813,241 |
| Depreciation expense | (2,313,340) |
| Difference | \$ <u>1,499,901</u> |

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

| | |
|--|-----------------------|
| Principal payments made | \$ 3,670,000 |
| Proceeds from issuance of debt | (7,650,000) |
| Decrease in capital leases | 63,620 |
| Net decrease in compensated absences | 33,933 |
| Net increase in the other post employment benefit obligation | (638,558) |
| Net decrease in the net pension obligation | 430,358 |
| Difference | \$ <u>(4,090,647)</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

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

The Town of Smithfield participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System. The Municipal Employees Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

The payroll for employees covered by the System for the year ended June 30, 2011 was \$7,030,891 and the Town wide payroll was approximately \$32.3 million.

Plan Description

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

Funding Policy

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

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

MERS members are required to contribute 7% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 4.79% of annual covered payroll for school department employees, and 5.60% for Town employees. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|----------------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|---|
| 2008 | 22,825,218 | 21,713,420 | (1,111,798) | 105% | 6,505,290 | -17% |
| 2009 | 23,381,340 | 23,635,519 | 254,179 | 99% | 6,589,627 | 4% |
| 2010 | 22,814,374 | 28,267,632 | 5,453,258 | 81% | 6,655,421 | 82% |
| 2011 | N/A* | N/A* | N/A* | N/A* | N/A* | N/A* |

*

Unavailable as of the date of this report

Annual Pension Cost

For 2011 the Town contributed \$360,311 for MERS. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability.

The amounts contributed to the plan are as follows:

Schedule of Contributions from the Town

| Year Ended June 30 | Contributions | Annual Pension Cost | Percentage of APC Contributed |
|--------------------|---------------|---------------------|-------------------------------|
| 2009 | 376,777 | 376,777 | 100% |
| 2010 | 372,914 | 372,914 | 100% |
| 2011 | 360,311 | 360,311 | 100% |

Actuarial Methods and Assumptions

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

| | |
|-------------------------------|--|
| Valuation date | June 30, 2008 |
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method | Level Percent of Payroll – Closed 30-year period |
| Remaining amortization period | 19 Years |
| Asset valuation method | 5 Year Smoothed Market |
| Actuarial assumptions: | |
| Investment rate of return | 8.25%, Compounded Annually |
| Projected salary increases | 4.50-8.50%, Compounded Annually |
| Cost-of-living adjustments | 3.00% Non-Compounded |
| Inflation | 3.00% Annually |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

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

All Town of Smithfield, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2011 was \$16,558,387. The Town's total payroll was approximately \$32.3million.

Plan Description

State Statute establishes the following eligibility and benefit provisions. All Town of Smithfield, Rhode Island, certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. The plan provides a two-tier benefit structure referred to as Schedules A and B.

Schedule A Benefits

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

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

Schedule B Benefits

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

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

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.25%, 11.25%, and 11.89%, for all full-time employees for fiscal years 2011, 2010, and 2009, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling \$1,241,270 for the fiscal year ended June 30, 2011. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

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

The amounts contributed to the plan are as follows:

| <u>Years Ending June 30,</u> | <u>Employee Contributions</u> | <u>Town's Portion of Annual Required Contributions</u> | <u>Percentage Contributed</u> |
|--------------------------------------|-----------------------------------|--|-----------------------------------|
| 2011 | \$1,573,047 | \$1,906,752 | 100% |
| 2010 | \$1,586,246 | \$2,013,722 | 100% |
| 2009 | \$1,526,347 | \$1,927,304 | 100% |

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

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2010 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

(c) Police Pension Plan

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

Plan Description

Police officers hired prior to July 1, 1999 were covered through June 30, 2006, under a single employer defined benefit pension plan which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2011, the plan was comprised of forty-four participants: five disabled, and thirty-nine retired participants. The Police Pension Plan does not issue a separate, stand-alone, audited GAAP-basis report.

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

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

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

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

Funding Policy

Total contributions for the year ended June 30, 2011 were \$3,337,176. Plan administrative costs are paid from plan assets.

| Plan Assets: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|---------------------|---------------------|---------------------|
| Fund value assets at beginning of year | \$ 2,476,804 | \$ 3,542,319 | \$ 4,548,659 |
| Plan income year ended June 30: | | | |
| Employer contributions | 3,337,176 | 2,048,000 | 1,048,000 |
| Investment return | 370,270 | 528,371 | (480,733) |
| Plan expenses year ended June 30: | | | |
| Benefits paid | (1,623,528) | (1,591,984) | (1,539,998) |
| Transfers to state plan | (8,976) | (2,017,015) | - |
| Administrative costs | (26,991) | (32,887) | (33,609) |
| Fund value assets at June 30 | <u>\$ 4,524,755</u> | <u>\$ 2,476,804</u> | <u>\$ 3,542,319</u> |

The Unfunded Actuarial Accrued Liability is \$18,001,240. The actuarial cost method used to calculate the unfunded liability was the Projected Unit Credit Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The Unfunded Actuarial Accrued Liability is being amortized over a 20 year period as a level dollar amount on a closed basis. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption.

Financial assumptions were as follows: investment return 8.5%, inflation rate 3.0%. There are no projected salary increases or post-retirement benefit increases as this plan is closed to only the current participants.

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the periods ending:

| | 2011 |
|--|----------------|
| Annual required contribution | \$ 1,972,824 |
| Interest on net pension obligation | - |
| Adjustment to annual required contribution | - |
| Annual pension cost | 1,972,824 |
| Contributions applicable to plan year ending June 30 | 3,337,176 |
| Increase (decrease in net pension obligation) | (1,364,352) |
| Net pension obligation beginning of year | - |
| Net pension obligation end of year | \$ (1,364,352) |

Schedule of Funding Progress (Old & New Plan)

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2006 | 8,050,660 | 19,642,923 | 11,592,263 | 41% | 1,454,021 | 797% |
| 2007 | 7,536,420 | 19,663,020 | 12,126,600 | 38% | N/A* | N/A* |
| 2008 | 5,629,265 | 19,745,411 | 14,116,146 | 29% | N/A* | N/A* |
| 2009 | 3,574,925 | 19,943,328 | 16,368,403 | 18% | N/A* | N/A* |
| 2010 | 2,476,804 | 21,677,153 | 19,200,349 | 11% | N/A* | N/A* |
| 2011 | 4,524,755 | 22,525,995 | 18,001,240 | 20% | N/A* | N/A* |

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

| Year Ended June 30 | Contributions | Annual Required Contribution | Percentage of ARC Contributed | Net Pension Obligation |
|--------------------------|---------------|------------------------------------|-------------------------------------|------------------------------|
| 2006 | 1,583,170 | 1,032,192 | 153% | - |
| 2007 | 1,193,376 | 1,193,376 | 100% | - |
| 2008 | 1,048,000 | 1,048,000 | 100% | - |
| 2009 | 1,048,000 | 1,048,000 | 100% | - |
| 2010 | 1,048,000 | 1,048,000 | 100% | - |
| 2011 | 3,337,176 | 3,337,176 | 100% | (1,364,352) |

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Valuation date | July 1, 2011 |
| Actuarial cost method | Unit credit method |
| Amortization method | Level dollar amount |
| Remaining amortization period | 20 years |
| Asset valuation method | IPG assets are determined at book value, all other investments at current market value |
| Actuarial assumptions: | |
| Investment rate of return | 8.5%, net of investment expenses |
| Cost-of-living adjustments | 3% annually |

Police Pension Effective FY 2000 for New Hires

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

The payroll for employees covered by the System for the year ended June 30, 2011 was \$2,904,294 and the Town wide payroll was approximately \$32.3 million.

Plan Description

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

Funding Policy

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

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

MERS members are required to contribute 9.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 20.85% for Police employees. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2006 | 753,241 | 768,948 | 15,707 | 98% | 935,323 | 2% |
| 2007 | 2,300,407 | 5,658,675 | 3,358,268 | 41% | 2,269,775 | 148% |
| 2008 | 3,379,943 | 6,647,186 | 3,267,243 | 51% | 2,376,903 | 137% |
| 2009 | 4,219,709 | 7,180,764 | 2,961,055 | 59% | 2,345,796 | 126% |
| 2010 | 8,029,314 | 10,474,428 | 2,445,114 | 77% | 2,513,161 | 97% |
| 2011 | N/A* | N/A* | N/A* | N/A* | N/A* | N/A* |

* Unavailable as of the date of this report

Annual Pension Cost

For 2011, the Town contributed \$549,219 for MERS. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability.

The amounts contributed to the plan are as follows:

Schedule of Contributions from the Town

| Year Ended June 30 | Contributions | Annual Pension Cost | Percentage of APC Contributed |
|--------------------------|---------------|---------------------------|-------------------------------------|
| 2009 | 506,315 | 506,315 | 100% |
| 2010 | 548,607 | 548,607 | 100% |
| 2011 | 549,219 | 549,219 | 100% |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(c) Police Pension Plan (Continued)

Actuarial Methods and Assumptions

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

| | |
|-------------------------------|-----------------------------------|
| Valuation date | June 30, 2008 |
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method | Level Percent of Payroll - Closed |
| Remaining amortization period | 19 Years |
| Asset valuation method | 5 Year Smoothed Market |
| Actuarial assumptions: | |
| Investment rate of return | 8.25%, Compounded Annually |
| Projected salary increases | 4.75-14.75%, Compounded Annually |
| Cost-of-living adjustments | 3.00% Non-Compounded |
| Inflation | 3.00% Annually |

(d) Fire Pension Plan

Plan Description

Fire department employees are covered under a single employer defined benefit pension plan, which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2011, the plan was comprised of 82 participants: 51 active, 4 terminated vested, 5 disabled, and 22 retired participants. 25 of the 51 active participants had sufficient service to be vested at June 30, 2011. The Fire Pension Plan does not issue a separate, stand-alone, audited GAAP-basis report.

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

Summary of Significant Accounting Policies

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

Funding Policy

As a condition of participation in the plan, members of the fire department are required to make contributions each year at 8.0% of their base pay. The collective bargaining agreement between the Town and the fire department personnel provides that the Town will contribute no more than 19.6% of fire department payroll to the plan. Accordingly, for the year ended June 30, 2011, the Town and plan participants contributed 19.6% and 8.0% of covered payroll, respectively. Total contributions for the year ended June 30, 2011, were \$803,158. The contributions based on an accrual basis were comprised of a

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(d) Fire Pension Plan (Continued)

Town contribution of \$570,359 and an employee contribution of \$232,799. Total covered payroll for the year ended June 30, 2011 was approximately \$2,688,882. Plan administrative costs are paid from plan assets.

| Plan Assets: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---|----------------------|----------------------|---------------------|
| Fund value assets at beginning of year | \$ 10,869,062 | \$ 9,793,908 | \$ 12,923,279 |
| Plan income year ended June 30: | | | |
| Employer contributions | 570,359 | 577,271 | 550,611 |
| Employee contributions | 232,799 | 232,763 | 212,611 |
| Investment return | 2,547,365 | 1,118,792 | (3,115,633) |
| Plan expenses year ended June 30: | | | |
| Benefits paid | (849,990) | (806,737) | (743,351) |
| Administrative costs | (78,453) | (46,935) | (33,609) |
| Fund value assets at June 30 | <u>\$ 13,291,142</u> | <u>\$ 10,869,062</u> | <u>\$ 9,793,908</u> |

The assets reported for this fund on page 21 are based on an accrual basis, while amounts reported from the actuarial report or based on a cash basis.

Annual Pension Cost

| Unfunded Actuarial Accrued Liability: | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|---------------------|---------------------|---------------------|
| Unfunded actuarial accrued liability at beginning of year | \$ 3,796,223 | \$ 2,793,496 | \$ 2,394,097 |
| Interest at 8.5% | 322,679 | 237,447 | 203,498 |
| Normal cost assumed due July 1 | 1,011,892 | 1,060,325 | 716,977 |
| Interest at 8.5% | 86,011 | 90,128 | 60,943 |
| Assumption changes | 679,285 | 208,839 | - |
| Less: contributions applicable to plan year ending June 30 | (570,359) | (570,270) | (561,013) |
| Interest at 8.5% | (23,746) | (23,742) | (21,006) |
| Unfunded actuarial accrued liability at June 30 | <u>\$ 5,301,985</u> | <u>\$ 3,796,223</u> | <u>\$ 2,793,496</u> |

The actuarial cost method used to calculate the unfunded liability was the Frozen Initial Liability Cost Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The Unfunded Actuarial Accrued Liability is being amortized over a 25 year period as a level percentage of projected payroll on a closed basis. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption. Financial assumptions were as follows: investment return 8.5%, prior year's expenses increased by 4% salary increases 5.5%, inflation rate 3.0%.

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the periods ending:

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(d) Fire Pension Plan (Continued)

| | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|---------------------|
| Annual required contribution | \$ 1,560,048 | \$ 1,452,418 | \$ 1,044,019 |
| Interest on net pension obligation | 229,018 | 159,692 | 122,509 |
| Adjustment to annual required contribution | (284,713) | (226,237) | (168,073) |
| Annual pension cost | 1,504,353 | 1,385,873 | 998,455 |
| Contributions applicable to plan year ending June 30 | 570,359 | 570,270 | 561,013 |
| Increase (decrease in net pension obligation) | 933,994 | 815,603 | 437,442 |
| Net pension obligation beginning of year | 2,694,331 | 1,878,728 | 1,441,286 |
| Net pension obligation end of year | <u>\$ 3,628,325</u> | <u>\$ 2,694,331</u> | <u>\$ 1,878,728</u> |

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2006 | 12,402,997 | 14,392,140 | 1,989,143 | 86% | 2,503,328 | 79% |
| 2007 | 14,635,156 | 16,971,729 | 2,336,573 | 86% | 2,504,806 | 93% |
| 2008 | 12,908,897 | 15,302,994 | 2,394,097 | 84% | 2,635,945 | 91% |
| 2009 | 9,793,908 | 12,587,404 | 2,793,496 | 78% | 2,691,863 | 104% |
| 2010 | 10,862,060 | 14,658,283 | 3,796,223 | 74% | 2,622,842 | 145% |
| 2011 | 13,291,142 | 18,593,127 | 5,301,985 | 71% | 2,688,882 | 197% |

Schedule of Contributions from the Town

| Year Ended June 30 | Contributions | Annual Required Contribution | Percentage of ARC Contributed | Net Pension Obligation |
|--------------------------|---------------|------------------------------------|-------------------------------------|------------------------------|
| 2006 | 443,807 | 707,557 | 63% | 869,116 |
| 2007 | 479,392 | 912,526 | 53% | 1,280,148 |
| 2008 | 495,848 | 693,229 | 72% | 1,441,286 |
| 2009 | 561,013 | 1,044,019 | 54% | 1,878,728 |
| 2010 | 570,270 | 1,452,418 | 39% | 2,694,331 |
| 2011 | 570,359 | 1,504,353 | 38% | 3,628,325 |

The contributions reported for this fund on page 22 are based on an accrual basis, while amounts reported from the actuarial report or based on a cash basis.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(d) Fire Pension Plan (Continued)

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|---|
| Valuation date | July 1, 2011 |
| Actuarial cost method | Frozen Initial Liability |
| Amortization method | Level Percent of Payroll - Closed |
| Remaining amortization period | 15 years (for original unfunded) |
| Asset valuation method | IPG Fund is held at book value, all other investments at current market value |
| Actuarial assumptions: | |
| Investment rate of return | 8.5% |
| Projected salary increases | 5.5% annually |
| Cost-of-living adjustments | 3.0% annually |
| Inflation | 3.0% annually |

(e) Post Retirement Benefit Plan

Plan Description

In addition to the pension benefits described above, the Town provides post employment health care benefits in accordance with Town contracts, through a single-employer postemployment benefit plan. These benefits are for continued full family or individual health care for the employee groups as described below. Retiree medical coverage is only to age 65, while dental continues post-65. The Town of Smithfield does not issue a separate, audited GAAP-basis report for the Post Retirement Benefit Plan. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially 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.

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

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

Membership

| | |
|---|------------|
| At July 1, 2011, membership consisted of: | |
| Active Town Employees receiving benefits | 149 |
| Active School Employees receiving benefits | 328 |
| Retired, disabled, beneficiaries and survivors – Town Employees | 50 |
| Retired, disabled, beneficiaries and survivors – School Employees | <u>108</u> |
| Total | 585 |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (Continued)

(e) Post Retirement Benefit Plan (Continued)

Funding Policy

The Town pays for the other post-employment benefits on a pay-as-you-go basis. The annual medical & dental benefits premium cost for fiscal year ended June 30, 2011 was \$935,242 for Town employees and \$628,343 for School employees totaling \$1,563,585.

Annual OPEB Cost and net OPEB Obligation

For 2011, the Town's annual OPEB cost of \$2,302,143 was greater than the required contribution. The schedule of contributions and net OPEB obligation for 2011 and the two preceding years were as follows:

Schedule of Contributions from the Town

| Year Ended June 30 | Annual OPEB Cost | Contributions | Percentage of OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|---------------------|---------------|---|------------------------|
| 2009 | 2,285,094 | 1,455,607 | 64% | 829,487 |
| 2010 | 2,307,517 | 1,358,037 | 59% | 1,778,967 |
| 2011 | 2,302,143 | 1,663,585 | 72% | 2,417,525 |

Annual Post-Employment Benefit Cost and Net Post-Employment Benefit Obligation: Below are the required pension obligation presentations per GASB 43 and 45 for the periods ending:

| | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|-------------------|
| Annual required contribution | \$ 2,323,409 | \$ 2,322,060 | \$ 2,285,094 |
| Interest on net OPEB obligation | 88,948 | 29,032 | - |
| Adjustment to annual required contribution | (110,214) | (43,575) | - |
| Annual OPEB cost | 2,302,143 | 2,307,517 | 2,285,094 |
| Contributions applicable to plan year ending June 30 | 1,663,585 | 1,358,037 | 1,455,607 |
| Increase (decrease) in OPEB | 638,558 | 949,480 | 829,487 |
| Net OPEB beginning of year | 1,778,967 | 829,487 | - |
| Net OPEB end of year | <u>\$ 2,417,525</u> | <u>\$ 1,778,967</u> | <u>\$ 829,487</u> |

Funding Status and Funding Progress

Currently, post employment benefits are paid for on a pay-as-you-go basis (an unfunded scenario). The Town's pay-as-you-go cost for fiscal 2010 is to be \$2,302,143.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(e) Post Retirement Benefit Plan (Continued)

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2009 | 550,225 | 26,277,276 | (25,727,051) | 2% | 31,424,385 | -82% |
| 2010 | 657,366 | 29,610,752 | (28,953,386) | 2% | 32,276,437 | -90% |
| 2011 | 757,562 | 25,019,427 | (24,261,865) | 3% | 32,311,568 | -75% |

The Town has not yet set aside any money to pre-fund the post employment benefits. Therefore, there is a large unfunded actuarial accrued liability for benefits already earned by employees and retirees. This amount is \$24,261,865 as of July 1, 2011 under a 3.5% discount rate. This would lead to a \$1,503,113 amortization payment required for fiscal 2011 under a 30-year increasing funding schedule.

Retiree Coverage

For purposes of this valuation, active employees are assumed to keep their current coverage level (family or individual) after they retire, unless the plan provisions specify that only individual coverage be provided for their division.

Pre-post-65 Coverage: Retiree medical only to age 65. Dental continues post-65.

Retirement Eligibility: Town – 20 years of service

School – If hired before 6/20/89: Age 60 with 15 years of service. If hired after 6/19/89: Either 1) age 60 with 20 years of service, or 2) 28 years of service with at least 15 years with Smithfield.

Cost-sharing Town – If hired before 1996: retiree pays 0% co-share. If hired after 1995: retiree pays 15% co-share but with a total family cap of \$1,500 per year.

School – if hired before June 20, 1989: If either 1) age 60 and 20 years of service, or 2) 28 years of service with at least 15 years with Smithfield: 0% co-share. Else (i.e. 60/15 but not 60/20 or service <28): 0% co-share at the moment of retirement, and retiree covers the cost of all post-retirement increases. If hired after June 19, 1989 and before July 1, 1992: If 28 years of service with at least 15 years with Smithfield: 0% co-share. If hired after June 30, 1992: If 1) Age 60 and 20 years of service, or 2) 28 years of service with at least 15 years with Smithfield, retiree received benefits limited to \$5,000 annually.

Actuarial Methods and Assumptions

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

12. RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (Continued)

(e) Post Retirement Benefit Plan

| | |
|------------------------------------|--|
| Valuation Date: | July 1, 2011 |
| Actuarial Cost Method: | Projected Unit Credit |
| Asset Valuation Method: | Market Value |
| Amortization Method: | Level Percent of Pay |
| Remaining Amortization Period | 30 Years, Open basis |
| Investment Return: | 5.00 percent |
| Projected Salary Increases: | 4.00 percent |
| Post Retirement Benefit Increases: | 5.00 percent |
| Medical Care Inflation Rate: | Annual increases in premium for retired medical and Prescription drug benefits are assumed to be as follows: |

| <u>Year After Valuation Date</u> | <u>Increase</u> |
|----------------------------------|-----------------|
| 1 | 8.0% |
| 2 | 7.5% |
| 3 | 7.0% |
| 4 | 6.5% |
| 5 | 5.5% |
| Thereafter | 5.0% |

13. FUND EQUITY

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

| | General Fund | School Special Revenue Unrestricted Fund | Log Road | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|---|-----------------|-------------------------------------|---------------------------------|
| Fund balances: | | | | | |
| Nonspendable fund balances: | | | | | |
| Town held tax liens | \$ 149,209 | \$ - | \$ - | \$ - | \$ 149,209 |
| Restricted fund balances: | | | | | |
| Capital reserve | 150,653 | - | - | - | 150,653 |
| Land Trust | 75,327 | - | - | - | 75,327 |
| Perpetual care | - | - | - | 63,576 | 63,576 |
| Committed fund balances: | | | | | |
| Subsequent year's budgeted expenditures | 850,000 | 500,000 | - | - | 1,350,000 |
| Assigned fund balances: | | | | | |
| Capital expenditures | 2,996,834 | - | - | - | 2,996,834 |
| Subsequent year's expenditures (RUBS) | 3,607,361 | - | - | - | 3,607,361 |
| Supplemental future tax assessments | 4,008,785 | - | - | - | 4,008,785 |
| Subsequent year's expenditures | 100,000 | - | - | - | 100,000 |
| Capital Outlay | 250,000 | - | - | - | 250,000 |
| Unassigned fund balance | 3,097,124 | - | - | - | 3,097,124 |
| Unassigned, reported in non-major: | | | | | |
| Special revenue funds | - | 2,458,141 | | 6,693,820 | 9,151,961 |
| Capital projects fund | - | | 14,414 | (4,864,777) | (4,850,363) |
| Total fund balances | <u>\$15,285,293</u> | <u>\$ 2,958,141</u> | <u>\$14,414</u> | <u>\$ 1,892,619</u> | <u>\$ 20,150,467</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

13. FUND EQUITY (Continued)

(c) Deficits

Deficits of fund equity balances at June 30, 2011 were as follows:

Non-major Governmental Funds:

| | |
|-----------------------------|--------------|
| Road Resurfacing 2007 | \$ 4,995,624 |
| Salt Barn Property..... | \$ 992,896 |

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

14. RISK MANAGEMENT

Health Care

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

Using rates calculated by both Blue Cross Blue Shield of Rhode Island and Delta Dental of Rhode Island, the Group sets annual contribution rates for the subscribers of each member for each plan offered. The Group agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Group. The contributions of each member are deposited into separate health and dental pools which are used to pay for claims, reinsurance and all administrative expenses. The Group agreement provides for an annual independent audit of its financial statements. The Group retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$550,000.

Unemployment

The Town is self-insured for unemployment benefits. There were no incurred but not reported claims outstanding as of June 30, 2011.

Other Insurance

The Town receives coverage for its property and liability expenses and for its workers' compensation expenses through the Rhode Island Interlocal Risk Management Trust. During the fiscal year ended June 30, 2011, the Town paid premiums of \$156,200 and \$233,553, for its workers' compensation and property and liability coverage, respectively. At June 30, 2011, the trust held reserves for future payments of open cases. The trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability were exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the trust policy.

At June 30, 2011, the Town is unable to estimate the potential exposure for outstanding claims, which may fall outside the parameter of the trust policy.

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

15. DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457 (g). The Town has not reported these plans in its financial statements in accordance with GASB No. 32 since the Town does not have fiduciary responsibility for this plan. The plan, available to all municipal employees, permits the deferred of a portion of the employee's salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

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

16. CONTINGENT LIABILITIES AND LITIGATION

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

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

17. INTERFUND TRANSFERS

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2011.

| | <u>Transfers in</u> | <u>Transfers out</u> |
|--------------------------------------|---------------------|----------------------|
| Governmental Activities: | | |
| General Fund | 3,181,840 | 34,148,855 |
| Special Revenue Funds: | | |
| School Unrestricted | 32,087,157 | |
| Town Restricted | 797,869 | 1,432,402 |
| Retirement Escrow | 50,000 | - |
| Capital Projects: | 223,981 | 494,803 |
| Business-Type Activities: | | |
| Proprietary Funds | | |
| Sewer Authority | - | 1,172,500 |
| Water Supply Board | - | 300,000 |
| East Smithfield Public Library | - | - |
| Greenville Public Library | - | - |
| East Smithfield Neighborhood Center | - | 1,472,500 |
| Total Interfund Transfers | 36,340,847 | 37,548,560 |

18. RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2011.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2011, the date the financial statements were available to be issued. As a result of this review, there were no subsequent events noted.

REQUIRED SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2011**

Police Pension Plan

Schedule of Funding Progress (Old & New Plan)

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2006 | 8,050,660 | 19,642,923 | 11,592,263 | 41% | 1,454,021 | 797% |
| 2007 | 7,536,420 | 19,663,020 | 12,126,600 | 38% | N/A* | N/A* |
| 2008 | 5,629,265 | 19,745,411 | 14,116,146 | 29% | N/A* | N/A* |
| 2009 | 3,574,925 | 19,943,328 | 16,368,403 | 18% | N/A* | N/A* |
| 2010 | 2,476,804 | 21,677,153 | 19,200,349 | 11% | N/A* | N/A* |
| 2011 | 4,524,755 | 22,525,995 | 18,001,240 | 20% | N/A* | N/A* |

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

| Year Ended June 30 | Contributions | Annual Required Contribution | Percentage of ARC Contributed | Net Pension Obligation |
|--------------------------|---------------|------------------------------------|-------------------------------------|------------------------------|
| 2006 | 1,583,170 | 1,032,192 | 153% | - |
| 2007 | 1,193,376 | 1,193,376 | 100% | - |
| 2008 | 1,048,000 | 1,048,000 | 100% | - |
| 2009 | 1,048,000 | 1,048,000 | 100% | - |
| 2010 | 1,048,000 | 1,048,000 | 100% | - |
| 2011 | 3,337,176 | 3,337,176 | 100% | (1,364,352) |

Fire Pension Plan

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2006 | 12,402,997 | 14,392,140 | 1,989,143 | 86% | 2,503,328 | 79% |
| 2007 | 14,635,156 | 16,971,729 | 2,336,573 | 86% | 2,504,806 | 93% |
| 2008 | 12,908,897 | 15,302,994 | 2,394,097 | 84% | 2,635,945 | 91% |
| 2009 | 9,793,908 | 12,587,404 | 2,793,496 | 78% | 2,691,863 | 104% |
| 2010 | 10,862,060 | 14,658,283 | 3,796,223 | 74% | 2,622,842 | 145% |
| 2011 | 13,291,142 | 18,593,127 | 5,301,985 | 71% | 2,688,882 | 197% |

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2011**

Fire Pension Plan (Continued)

Schedule of Contributions from the Town

| Year Ended June 30 | Contributions | Annual Required Contribution | Percentage of ARC Contributed | Net Pension Obligation |
|-----------------------|---------------|---------------------------------|-------------------------------------|------------------------------|
| 2006 | 443,807 | 707,557 | 63% | 869,116 |
| 2007 | 479,392 | 912,526 | 53% | 1,280,148 |
| 2008 | 495,848 | 693,229 | 72% | 1,441,286 |
| 2009 | 561,013 | 1,044,019 | 54% | 1,878,728 |
| 2010 | 570,270 | 1,452,418 | 39% | 2,694,331 |
| 2011 | 570,359 | 1,504,353 | 38% | 3,628,325 |

Post Retirement Benefit Plan

Schedule of Funding Progress

| Actuarial Valuation Date July 1, | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2009 | 550,225 | 26,277,276 | (25,727,051) | 2% | 31,424,385 | -82% |
| 2010 | 657,366 | 29,610,752 | (28,953,386) | 2% | 32,276,437 | -90% |
| 2011 | 757,562 | 25,019,427 | (24,261,865) | 3% | 32,311,568 | -75% |

Schedule of Contributions from the Town

| Year Ended June 30 | Annual OPEB Cost | Contributions | Percentage of OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|---------------------|---------------|---|------------------------|
| 2009 | 2,285,094 | 1,455,607 | 64% | 829,487 |
| 2010 | 2,307,517 | 1,358,037 | 59% | 1,778,967 |
| 2011 | 2,302,143 | 1,663,585 | 72% | 2,417,525 |

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Carryover of Prior Year Balance</u> | <u>Final Budget</u> | <u>Actual Revenues</u> | <u>Variance</u> |
|--|----------------------------|---------------------------|--|-------------------------|----------------------------|---------------------|
| General property taxes | | | | | | |
| Property taxes | \$ 48,474,083 | \$ 48,474,083 | \$ - | \$ 48,474,083 | \$ 48,535,833 | \$ 61,750 |
| Total general property taxes | <u>48,474,083</u> | <u>48,474,083</u> | <u>-</u> | <u>48,474,083</u> | <u>48,535,833</u> | <u>61,750</u> |
| Intergovernmental revenues | | | | | | |
| State aid for education | 4,648,478 | 4,648,478 | - | 4,648,478 | 4,735,789 | 87,311 |
| Federal revenue - SFSF | 174,247 | 174,247 | - | 174,247 | 174,247 | - |
| School housing aid | 290,000 | 290,000 | - | 290,000 | 324,572 | 34,572 |
| State hotel and meals tax | 480,155 | 480,155 | - | 480,155 | 632,104 | 151,949 |
| Motor vehicle phase-out | 261,000 | 261,000 | - | 261,000 | 275,060 | 14,060 |
| Public utilities tax | 200,452 | 200,452 | - | 200,452 | 223,182 | 22,730 |
| Total intergovernmental revenues | <u>6,054,332</u> | <u>6,054,332</u> | <u>-</u> | <u>6,054,332</u> | <u>6,364,954</u> | <u>310,622</u> |
| Licenses, fees and permits | 460,000 | 460,000 | - | 460,000 | 804,689 | 344,689 |
| Interest income: | | | | | | |
| Interest - short-term investments | 220,000 | 220,000 | - | 220,000 | 53,039 | (166,961) |
| Interest on taxes | 240,000 | 240,000 | - | 240,000 | 319,475 | 79,475 |
| Total interest income | <u>460,000</u> | <u>460,000</u> | <u>-</u> | <u>460,000</u> | <u>372,514</u> | <u>(87,486)</u> |
| Departmental revenue: | | | | | | |
| School department | 350,000 | 350,000 | - | 350,000 | 283,656 | (66,344) |
| Miscellaneous | 92,000 | 92,000 | - | 92,000 | 112,475 | 20,475 |
| Soil erosion | - | - | - | - | 177,788 | 177,788 |
| Total departmental revenues | <u>442,000</u> | <u>442,000</u> | <u>-</u> | <u>442,000</u> | <u>573,919</u> | <u>131,919</u> |
| Total revenues before other financing sources | <u>55,890,415</u> | <u>55,890,415</u> | <u>-</u> | <u>55,890,415</u> | <u>56,651,909</u> | <u>761,494</u> |
| Other financing sources | | | | | | |
| Appropriated fund balance | - | - | 3,326,468 | 3,326,468 | 3,326,468 | - |
| Transfer from other funds | 4,728,674 | 4,728,674 | - | 4,728,674 | 3,181,840 | (1,546,834) |
| Total other financing sources | <u>4,728,674</u> | <u>4,728,674</u> | <u>3,326,468</u> | <u>8,055,142</u> | <u>6,508,308</u> | <u>(1,546,834)</u> |
| Total revenue and other financing sources | <u>\$ 60,619,089</u> | <u>\$ 60,619,089</u> | <u>\$ 3,326,468</u> | <u>\$ 63,945,557</u> | <u>\$ 63,160,217</u> | <u>\$ (785,340)</u> |

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

| | Original Budgeted Expenditures | Carryover of Prior Year Balance | Revised Budgeted Expenditures | Actual Expenditures | GAAP Reclass Budgetary Entries RUBS | Budget Basis Actual Expenditures | Capital Project Appropriations Reserved for Future Years | Variance |
|---|--------------------------------------|---------------------------------------|-------------------------------------|------------------------|--|---|--|----------------|
| General government: | | | | | | | | |
| Town Administration and Solicitor | \$ 770,197 | \$ 114,350 | \$ 884,547 | \$ 781,725 | \$ 101,350 | \$ 883,075 | \$ 10,425 | \$ 1,472 |
| Building Inspectors Office | 303,349 | - | 303,349 | 203,475 | - | 203,475 | - | 99,874 |
| Tax Assessor's Office | 198,139 | - | 198,139 | 198,004 | - | 198,004 | - | 135 |
| Treasurer/Tax Collectors Office | 470,584 | - | 470,584 | 447,244 | - | 447,244 | - | 23,340 |
| Town Clerks Office | 282,919 | - | 282,919 | 252,977 | - | 252,977 | - | 29,942 |
| Town Hall expense | 196,196 | 212,220 | 408,416 | 136,701 | 266,039 | 402,740 | - | 5,676 |
| Municipal Planners Office | 350,212 | 224,679 | 574,891 | 300,252 | 252,365 | 552,617 | - | 22,274 |
| Board of Canvassers/Elections | 36,525 | - | 36,525 | 29,571 | - | 29,571 | - | 6,954 |
| Conservation Commission/Green Acre | 17,003 | - | 17,003 | 15,209 | - | 15,209 | - | 1,794 |
| Town Boards and Commissions | 31,437 | - | 31,437 | 22,811 | - | 22,811 | - | 8,626 |
| Total General Government | 2,656,561 | 551,249 | 3,207,810 | 2,387,969 | 619,754 | 3,007,723 | 10,425 | 200,087 |
| Public Safety: | | | | | | | | |
| Police Department | 4,550,564 | - | 4,550,564 | 4,509,408 | - | 4,509,408 | 10,370 | 41,156 |
| Fire Department | 4,558,320 | - | 4,558,320 | 4,561,394 | - | 4,561,394 | 64,063 | (3,074) |
| Animal Control | 113,947 | - | 113,947 | 111,640 | - | 111,640 | - | 2,307 |
| Civil Defense | 8,497 | 2,931 | 11,428 | 7,702 | 3,726 | 11,428 | - | - |
| Total Public Safety | 9,231,328 | 2,931 | 9,234,259 | 9,190,144 | 3,726 | 9,193,870 | 74,433 | 40,389 |
| Public Works: | | | | | | | | |
| Payroll and operating expense | 1,409,039 | 43,255 | 1,452,294 | 1,349,474 | 32,320 | 1,381,794 | - | 70,500 |
| Rubbish and garbage collection | 950,000 | - | 950,000 | 952,216 | - | 952,216 | - | (2,216) |
| Street lights | 225,000 | - | 225,000 | 269,482 | - | 269,482 | - | (44,482) |
| Hydrant service | 170,000 | 104,639 | 274,639 | 181,573 | 93,066 | 274,639 | - | - |
| Highway resurfacing | 125,000 | 226,955 | 351,955 | 78,855 | 273,100 | 351,955 | - | - |
| Highway drainage | 42,000 | 69,309 | 111,309 | - | 111,309 | 111,309 | - | - |
| Landfill program | 250,000 | 300,840 | 550,840 | 207,205 | 343,635 | 550,840 | - | - |
| Capital Improvements | 20,000 | - | 20,000 | - | - | - | 20,000 | 20,000 |
| Total Public Works | 3,191,039 | 744,998 | 3,936,037 | 3,038,805 | 853,430 | 3,892,235 | 20,000 | 43,802 |
| Public Health and Assistance: | | | | | | | | |
| General Public Assistance | 6,541 | - | 6,541 | 7,434 | - | 7,434 | - | (893) |
| Total Public Health and Assistance | 6,541 | - | 6,541 | 7,434 | - | 7,434 | - | (893) |
| Recreation: | | | | | | | | |
| Parks and Recreation Department | 476,025 | 32,997 | 509,022 | 435,738 | 32,817 | 468,555 | 77,414 | 40,467 |
| Total Recreation | 476,025 | 32,997 | 509,022 | 435,738 | 32,817 | 468,555 | 77,414 | 40,467 |
| Debt Service: | | | | | | | | |
| Redemption of Bonds and Notes | 1,600,000 | 866,431 | 2,466,431 | 1,600,000 | 866,431 | 2,466,431 | - | - |
| Financing cost | - | 52,859 | 52,859 | 50,227 | 2,632 | 52,859 | - | - |
| Interest on Bonds and Notes | 672,475 | 970,044 | 1,642,519 | 519,658 | 1,122,860 | 1,642,518 | - | 1 |
| Total Debt Service | 2,272,475 | 1,889,334 | 4,161,809 | 2,169,885 | 1,991,923 | 4,161,808 | - | 1 |

(Continued)

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011**

| | Original Budgeted Expenditures | Carryover of Prior Year Balance | Revised Budgeted Expenditures | Actual Expenditures | GAAP Reclass Budgetary Entries RUBS | Budget Basis Actual Expenditures | Capital Project Appropriations Reserved for Future Years | Variance |
|--|--------------------------------------|---------------------------------------|-------------------------------------|------------------------|--|---|--|-------------------|
| Miscellaneous - Town: | | | | | | | | |
| Retirement Fund | 2,488,250 | - | 2,488,250 | 2,395,927 | - | 2,395,927 | - | 92,323 |
| Computer services | 70,000 | - | 70,000 | 75,192 | - | 75,192 | - | (5,192) |
| Technology coordinator | 30,000 | - | 30,000 | 30,000 | - | 30,000 | - | - |
| Computer operations | 50,000 | - | 50,000 | - | - | - | - | 50,000 |
| GASB 34 Compliance | 25,000 | - | 25,000 | 23,407 | - | 23,407 | - | 1,593 |
| Social Security Taxes | 980,000 | - | 980,000 | 880,394 | - | 880,394 | - | 99,606 |
| Audit services | 60,000 | - | 60,000 | 58,545 | - | 58,545 | - | 1,455 |
| Unemployment Compensation | 20,000 | - | 20,000 | 41,087 | - | 41,087 | - | (21,087) |
| Insurance | 510,000 | - | 510,000 | 531,512 | - | 531,512 | - | (21,512) |
| Blue Cross/Delta Dental | 3,220,975 | - | 3,220,975 | 2,965,451 | - | 2,965,451 | - | 255,524 |
| Postage | 58,000 | - | 58,000 | 29,387 | - | 29,387 | - | 28,613 |
| Town aided programs | 100,732 | - | 100,732 | 100,732 | - | 100,732 | - | - |
| Greenville Library Capital Reimb | 5,500 | - | 5,500 | - | - | - | - | 5,500 |
| Sewer Assessments | 4,000 | 87,936 | 91,936 | 840 | 91,096 | 91,936 | - | - |
| Senior Activities Center | 372,793 | 14,921 | 387,714 | 310,601 | 14,615 | 325,216 | 56,700 | 62,498 |
| Handicapped Access | - | 2,102 | 2,102 | 2,333 | - | 2,333 | - | (231) |
| Reserve for Unpaid Taxes and Abatements | 100,000 | - | 100,000 | - | - | - | - | 100,000 |
| Capital Reserve | 370,000 | - | 370,000 | 367,362 | - | 367,362 | - | 2,638 |
| Total Miscellaneous - Town | 8,465,250 | 104,959 | 8,570,209 | 7,812,770 | 105,711 | 7,918,481 | 56,700 | 651,728 |
| Transfers to other funds: | | | | | | | | |
| School unrestricted fund -appropriation | 27,264,432 | - | 27,264,432 | 27,264,432 | - | 27,264,432 | - | - |
| School miscellaneous revenue | 350,000 | - | 350,000 | 350,000 | - | 350,000 | - | - |
| State aid for education | 4,648,478 | - | 4,648,478 | 4,648,478 | - | 4,648,478 | - | - |
| Federal revenue - SFSF | 174,247 | - | 174,247 | 174,247 | - | 174,247 | - | - |
| East Smithfield Neighborhood Center | 19,979 | - | 19,979 | 19,979 | - | 19,979 | - | - |
| East Smithfield Neighborhood Public Library | 457,885 | - | 457,885 | 457,885 | - | 457,885 | - | - |
| Greenville Public Library | 729,849 | - | 729,849 | 729,849 | - | 729,849 | - | - |
| Municipal Escrow | 300,000 | - | 300,000 | 300,000 | - | 300,000 | - | - |
| Post Employment Escrow | 100,000 | - | 100,000 | 100,000 | - | 100,000 | - | - |
| Revaluation Escrow | 50,000 | - | 50,000 | 50,000 | - | 50,000 | - | - |
| Merit Escrow | 125,000 | - | 125,000 | 125,000 | - | 125,000 | - | - |
| Retirement Escrow | 50,000 | - | 50,000 | 50,000 | - | 50,000 | - | - |
| Economic Corridor Evaluation | 50,000 | - | 50,000 | 50,000 | - | 50,000 | - | - |
| Transfer to Other Funds | - | - | - | 178,985 | - | 178,985 | - | (178,985) |
| Total transfers | 34,319,870 | - | 34,319,870 | 34,498,855 | - | 34,498,855 | - | (178,985) |
| Total Expenditures and other financing uses | \$ 60,619,089 | \$ 3,326,468 | \$ 63,945,557 | \$ 59,541,600 | \$ 3,607,361 | \$ 63,148,961 | \$ 238,972 | \$ 796,596 |

(Concluded)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - School Special Revenue Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|---------------------------|---------------------|---------------------|
| Revenues | | | | |
| Other | - | - | 103,745 | 103,745 |
| Total revenue | <u>-</u> | <u>-</u> | <u>103,745</u> | <u>103,745</u> |
| Expenditures | | | | |
| Salaries | 20,410,113 | 20,410,113 | 20,115,114 | 294,999 |
| Benefits | 6,771,539 | 6,771,539 | 6,602,714 | 168,825 |
| Purchased Services | 3,965,508 | 3,965,508 | 3,520,291 | 445,217 |
| Supplies & Utilities | 1,556,438 | 1,556,438 | 1,583,619 | (27,181) |
| Other | 34,258 | 34,258 | 34,138 | 120 |
| Capital: | | | | |
| Capital outlay | 585,365 | 585,365 | 371,961 | 213,404 |
| Total expenditures | <u>33,323,221</u> | <u>33,323,221</u> | <u>32,227,837</u> | <u>1,095,384</u> |
| Excess of revenues over (under) expenditures before other financing sources | <u>(33,323,221)</u> | <u>(33,323,221)</u> | <u>(32,124,092)</u> | <u>1,199,129</u> |
| Other financing sources | | | | |
| Appropriated use of fund balance | 710,179 | 710,179 | 710,179 | - |
| Transfer from town - state aid | 4,759,547 | 4,759,547 | 4,648,478 | (111,069) |
| Transfer from town - federal revenue | 239,063 | 239,063 | 174,247 | (64,816) |
| Transfer from town - appropriation | 26,814,432 | 26,814,432 | 26,814,432 | - |
| Transfer from town - miscellaneous | 350,000 | 350,000 | 350,000 | - |
| Transfer from town - capital | 450,000 | 450,000 | 450,000 | - |
| Total other financing sources | <u>33,323,221</u> | <u>33,323,221</u> | <u>33,147,336</u> | <u>(175,885)</u> |
| Excess revenues and other sources over (under) expenditures and other sources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,023,244</u> | <u>\$ 1,023,244</u> |

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2011

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

| | |
|--|--------------------|
| Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)..... | \$ 11,256 |
| Fund balance re-appropriated (RUBS) | 3,607,361 |
| Fund balance appropriations | <u>(3,326,468)</u> |
| Excess of revenues and other sources over expenditures and other uses (GAAP)..... | <u>\$ 292,149</u> |

The following reconciliation summarizes the differences for the School's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

| | |
|--|-------------------|
| Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)..... | \$1,023,244 |
| Use of accumulated fund balance | <u>(710,179)</u> |
| Excess of revenues and other sources over expenditures and other uses (GAAP)..... | <u>\$ 313,065</u> |

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2011

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|---------------------------|---------------------|--------------------|
| Revenues | | | | |
| General property tax | \$ 48,474,083 | \$ 48,474,083 | \$ 48,535,833 | \$ 61,750 |
| Intergovernmental | 6,054,332 | 6,054,332 | 6,364,954 | 310,622 |
| License, fees and permits | 460,000 | 460,000 | 804,689 | 344,689 |
| Interest income | 460,000 | 460,000 | 372,514 | (87,486) |
| Departmental | 442,000 | 442,000 | 573,919 | 131,919 |
| Total Revenues | <u>55,890,415</u> | <u>55,890,415</u> | <u>56,651,909</u> | <u>761,494</u> |
| Expenditures | | | | |
| General government | 2,656,561 | 3,207,810 | 3,007,723 | 200,087 |
| Public safety | 9,231,328 | 9,234,259 | 9,193,870 | 40,389 |
| Public works | 3,191,039 | 3,936,037 | 3,892,235 | 43,802 |
| Public health and assistance | 6,541 | 6,541 | 7,434 | (893) |
| Recreation | 476,025 | 509,022 | 468,555 | 40,467 |
| Other | 8,465,250 | 8,570,209 | 7,918,481 | 651,728 |
| Debt service: | | | | |
| Principal | 1,600,000 | 2,466,431 | 2,466,431 | - |
| Interest | 672,475 | 1,642,519 | 1,642,518 | 1 |
| Other | - | 52,859 | 52,859 | - |
| Total expenditures | <u>26,299,219</u> | <u>29,625,687</u> | <u>28,650,106</u> | <u>975,581</u> |
| Excess of revenues over expenditures before operating transfers | <u>29,591,196</u> | <u>26,264,728</u> | <u>28,001,803</u> | <u>1,737,075</u> |
| Other financing sources and (uses) | | | | |
| Appropriated fund balance | - | 3,326,468 | 3,326,468 | - |
| Transfer from other funds | 4,728,674 | 4,728,674 | 3,181,840 | (1,546,834) |
| Transfer to other funds | (34,319,870) | (34,319,870) | (34,498,855) | (178,985) |
| Total operating transfers | <u>(29,591,196)</u> | <u>(26,264,728)</u> | <u>(27,990,547)</u> | <u>(1,725,819)</u> |
| Excess of revenues over expenditures and operating transfers | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,256</u> | <u>\$ 11,256</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

| | <u>Special Revenue Restricted Town</u> | <u>Special Revenue Restricted School</u> | <u>Special Revenue Restricted Accrued Retirement</u> | <u>Capital Projects Fund</u> | <u>Permanent Fund Cemetery Fund</u> | <u>Totals</u> |
|--|--|--|--|--------------------------------------|---|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 5,435,171 | \$ - | \$ 969,476 | \$ 940,361 | \$ 63,576 | \$ 7,408,584 |
| Investments | - | - | - | - | - | - |
| Loans receivable | - | - | - | - | - | - |
| Internal balances | 1,688,640 | 60,544 | - | 410,980 | - | 2,160,164 |
| Intergovernmental receivables | 195,814 | 622,034 | - | 280,729 | - | 1,098,577 |
| Total assets | <u>\$ 7,319,625</u> | <u>\$ 682,578</u> | <u>\$ 969,476</u> | <u>\$ 1,632,070</u> | <u>\$ 63,576</u> | <u>\$ 10,667,325</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 17,364 | \$ - | \$ - | \$ 457,279 | \$ - | \$ 474,643 |
| Internal balances | 1,383,748 | 622,034 | 103,963 | 6,039,568 | - | 8,149,313 |
| Deferred revenue | 16,274 | 60,544 | - | - | - | 76,818 |
| Other liabilities | 73,932 | - | - | - | - | 73,932 |
| Total liabilities | <u>1,491,318</u> | <u>682,578</u> | <u>103,963</u> | <u>6,496,847</u> | <u>-</u> | <u>8,774,706</u> |
| Fund balances (deficits) | | | | | | |
| Reserved for: | | | | | | |
| Perpetual care | - | - | - | - | 63,576 | 63,576 |
| Unreserved | 5,828,307 | - | 865,513 | (4,864,777) | - | 1,829,043 |
| Total Fund balances (deficits) | <u>5,828,307</u> | <u>-</u> | <u>865,513</u> | <u>(4,864,777)</u> | <u>63,576</u> | <u>1,892,619</u> |
| Total liabilities and fund balances | <u>\$ 7,319,625</u> | <u>\$ 682,578</u> | <u>\$ 969,476</u> | <u>\$ 1,632,070</u> | <u>\$ 63,576</u> | <u>\$ 10,667,325</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Special Revenue Restricted Town</u> | <u>Special Revenue Restricted School</u> | <u>Special Revenue Restricted Accrued Retirement</u> | <u>Capital Projects Fund</u> | <u>Permanent Fund Cemetery Fund</u> | <u>Totals</u> |
|--|--|--|--|--------------------------------------|---|---------------------|
| Revenues | | | | | | |
| Interest on investments | \$ 41,404 | \$ - | \$ 4,594 | \$ 4,526 | \$ 162 | \$ 50,686 |
| Intergovernmental revenue | 259,922 | 1,437,814 | - | 323,456 | - | 2,021,192 |
| Other | 926,676 | 101,516 | - | 286,469 | - | 1,314,661 |
| Total Revenues | <u>1,228,002</u> | <u>1,539,330</u> | <u>4,594</u> | <u>614,451</u> | <u>162</u> | <u>3,386,539</u> |
| Expenditures | | | | | | |
| General government | 36,888 | - | 153,963 | 187,148 | - | 377,999 |
| Public safety | 224,585 | - | - | - | - | 224,585 |
| Public works | - | - | - | 3,136 | - | 3,136 |
| Education | - | 1,539,330 | - | - | - | 1,539,330 |
| Community development | 28,512 | - | - | - | - | 28,512 |
| Debt service | - | - | - | 2,070,000 | - | 2,070,000 |
| Capital: | | | | | | |
| Capital outlay | 585,833 | - | - | 2,059,476 | - | 2,645,309 |
| Total expenditures | <u>875,818</u> | <u>1,539,330</u> | <u>153,963</u> | <u>4,319,760</u> | <u>-</u> | <u>6,888,871</u> |
| Excess of revenues over (under) expenditures | 352,184 | - | (149,369) | (3,705,309) | 162 | (3,502,332) |
| Other Financing Sources (uses) | | | | | | |
| Proceeds from debt issuance | - | - | - | 5,150,000 | - | 5,150,000 |
| Transfers in | 797,869 | - | 50,000 | 223,981 | - | 1,071,850 |
| Transfers out | (1,432,402) | - | - | (494,803) | - | (1,927,205) |
| Total other financing sources | <u>(634,533)</u> | <u>-</u> | <u>50,000</u> | <u>4,879,178</u> | <u>-</u> | <u>4,294,645</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | (282,349) | - | (99,369) | 1,173,869 | 162 | 792,313 |
| FUND BALANCE - beginning | <u>6,110,656</u> | <u>-</u> | <u>964,882</u> | <u>(6,038,646)</u> | <u>63,414</u> | <u>1,100,306</u> |
| FUND BALANCE - ending | <u>\$ 5,828,307</u> | <u>\$ -</u> | <u>\$ 865,513</u> | <u>\$ (4,864,777)</u> | <u>\$ 63,576</u> | <u>\$ 1,892,619</u> |

**SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011**

| | <u>Animal Control Fund</u> | <u>Animal Control Spay & Neuter</u> | <u>Bulletproof Vest Grant</u> | <u>Bryne Grant</u> | <u>Police Restricted Revenue</u> | <u>Capital Reserve Fund</u> | <u>CDBG</u> |
|--|--------------------------------|---|-----------------------------------|------------------------|--|---------------------------------|------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 20,101 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | - | 1,728 | - | 6,165 | 26,527 | 630,836 | - |
| Intergovernmental receivables | - | - | 2,275 | - | - | - | 20,262 |
| Total assets | <u>\$ 20,101</u> | <u>\$ 1,728</u> | <u>\$ 2,275</u> | <u>\$ 6,165</u> | <u>\$ 26,527</u> | <u>\$ 630,836</u> | <u>\$ 20,262</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 126 | \$ - | \$ 650 | \$ - | \$ 3,664 | \$ - | \$ - |
| Internal balances | 1,029 | - | 1,625 | - | - | - | 10,583 |
| Deferred revenues | - | - | - | 6,165 | - | - | 9,679 |
| Other liabilities | 948 | - | - | - | - | - | - |
| Total liabilities | <u>2,103</u> | <u>-</u> | <u>2,275</u> | <u>6,165</u> | <u>3,664</u> | <u>-</u> | <u>20,262</u> |
| Fund balances (deficits) | <u>17,998</u> | <u>1,728</u> | <u>-</u> | <u>-</u> | <u>22,863</u> | <u>630,836</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 20,101</u> | <u>\$ 1,728</u> | <u>\$ 2,275</u> | <u>\$ 6,165</u> | <u>\$ 26,527</u> | <u>\$ 630,836</u> | <u>\$ 20,262</u> |

(continued)

**SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011**

| | Document Preservation & Tech Upgrades | EMA- Radio | Fire Prevention | Historical Records | Inspection Fees | Land Trust | Mobile Data Printer |
|--|--|-----------------------|----------------------------|-------------------------------|----------------------------|-----------------------|------------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 98,371 | \$ 9,908 | \$ 37,029 | \$ 24,607 | \$ 237,103 | \$ 1,242,772 | \$ - |
| Internal balances | 28,900 | - | - | 5,384 | - | 468,099 | - |
| Intergovernmental receivables | - | - | - | - | - | - | - |
| Total assets | \$ 127,271 | \$ 9,908 | \$ 37,029 | \$ 29,991 | \$ 237,103 | \$ 1,710,871 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 108 | \$ - |
| Internal balances | - | 3,184 | 12,506 | - | 175,295 | - | - |
| Deferred revenues | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | 53,825 | - | - |
| Total liabilities | - | 3,184 | 12,506 | - | 229,120 | 108 | - |
| Fund balances (deficits) | 127,271 | 6,724 | 24,523 | 29,991 | 7,983 | 1,710,763 | - |
| Total liabilities and fund balances | \$ 127,271 | \$ 9,908 | \$ 37,029 | \$ 29,991 | \$ 237,103 | \$ 1,710,871 | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011

| | <u>Municipal Contingency Escrow</u> | <u>Operation Blue Riptide</u> | <u>Police Confiscated Funds</u> | <u>Tri Town III Police Grant</u> | <u>Wal-Mart Grant</u> | <u>Post Employment Escrow</u> | <u>Revaluation Escrow</u> |
|--|---|-----------------------------------|---|--|---------------------------|---------------------------------------|-------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 1,036,958 | \$ - | \$ 18,864 | \$ - | \$ - | \$ 657,561 | \$ 467,300 |
| Internal balances | 275,000 | - | - | - | 617 | 100,000 | 50,000 |
| Intergovernmental receivables | - | 1,657 | - | 3,221 | - | - | - |
| Total assets | <u>\$ 1,311,958</u> | <u>\$ 1,657</u> | <u>\$ 18,864</u> | <u>\$ 3,221</u> | <u>\$ 617</u> | <u>\$ 757,561</u> | <u>\$ 517,300</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | - | 1,657 | 4,575 | 3,178 | - | - | - |
| Deferred revenues | - | - | - | 43 | - | - | - |
| Other liabilities | - | - | 14,289 | - | - | - | - |
| Total liabilities | <u>-</u> | <u>1,657</u> | <u>18,864</u> | <u>3,221</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances (deficits) | <u>1,311,958</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>617</u> | <u>757,561</u> | <u>517,300</u> |
| Total liabilities and fund balances | <u>\$ 1,311,958</u> | <u>\$ 1,657</u> | <u>\$ 18,864</u> | <u>\$ 3,221</u> | <u>\$ 617</u> | <u>\$ 757,561</u> | <u>\$ 517,300</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011

| | Review Fees | Revolving Loan Fund | RI DOH Alcohol Grant | RI DOH Tobacco Grant | RI DOT Passenger Safety | RI DOT Click it or Ticket | Scholarship Fund |
|--|-------------------|------------------------|----------------------------|----------------------------|-------------------------------|---------------------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 114,710 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,483 |
| Internal balances | - | - | - | 24 | - | - | - |
| Intergovernmental receivables | - | - | 5,713 | 393 | 1,452 | 1,498 | - |
| Total assets | <u>\$ 114,710</u> | <u>\$ -</u> | <u>\$ 5,713</u> | <u>\$ 417</u> | <u>\$ 1,452</u> | <u>\$ 1,498</u> | <u>\$ 4,483</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 30 | \$ - | \$ - | \$ - |
| Internal balances | 102,433 | - | 5,713 | - | 1,452 | 1,498 | - |
| Deferred revenues | - | - | - | 387 | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>102,433</u> | <u>-</u> | <u>5,713</u> | <u>417</u> | <u>1,452</u> | <u>1,498</u> | <u>-</u> |
| Fund balances (deficits) | <u>12,277</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,483</u> |
| Total liabilities and fund balances | <u>\$ 114,710</u> | <u>\$ -</u> | <u>\$ 5,713</u> | <u>\$ 417</u> | <u>\$ 1,452</u> | <u>\$ 1,498</u> | <u>\$ 4,483</u> |

(continued)

**SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011**

| | <u>Senior Center Grant</u> | <u>Senior Center</u> | <u>Smithfield Fire Rescue</u> | <u>Special Projects Fund</u> | <u>Tri-Town Alcohol Grant</u> | <u>Senior Center Memorial Donations</u> | <u>Police Memorial Fund</u> |
|--|--------------------------------|--------------------------|-----------------------------------|--------------------------------------|---------------------------------------|---|-------------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 1,221,438 | \$ 235,703 | \$ - | \$ - | \$ 1,546 |
| Internal balances | 47,687 | - | - | - | - | 1,972 | - |
| Intergovernmental receivables | - | - | 153,750 | - | 2,688 | - | - |
| Total assets | <u>\$ 47,687</u> | <u>\$ -</u> | <u>\$ 1,375,188</u> | <u>\$ 235,703</u> | <u>\$ 2,688</u> | <u>\$ 1,972</u> | <u>\$ 1,546</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 152 | \$ - | \$ 7,550 | \$ 4,785 | \$ - | \$ 299 | \$ - |
| Internal balances | - | - | 945,970 | 106,319 | 2,688 | - | 895 |
| Deferred revenues | - | - | - | - | - | - | - |
| Other liabilities | 4,870 | - | - | - | - | - | - |
| Total liabilities | <u>5,022</u> | <u>-</u> | <u>953,520</u> | <u>111,104</u> | <u>2,688</u> | <u>299</u> | <u>895</u> |
| Fund balances (deficits) | <u>42,665</u> | <u>-</u> | <u>421,668</u> | <u>124,599</u> | <u>-</u> | <u>1,673</u> | <u>651</u> |
| Total liabilities and fund balances | <u>\$ 47,687</u> | <u>\$ -</u> | <u>\$ 1,375,188</u> | <u>\$ 235,703</u> | <u>\$ 2,688</u> | <u>\$ 1,972</u> | <u>\$ 1,546</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2011

| | JAG Stimulus Grant-State | GPA Welfare | Senior Center Expansion Donations | Tri Town II Police Grant | Town Special Revenue Totals |
|--|---|------------------------|--|---|--|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 6,717 | \$ - | \$ 5,435,171 |
| Internal balances | - | 45,701 | - | - | 1,688,640 |
| Intergovernmental receivables | 311 | - | - | 2,594 | 195,814 |
| Total assets | \$ 311 | \$ 45,701 | \$ 6,717 | \$ 2,594 | \$ 7,319,625 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 17,364 |
| Internal balances | 311 | - | 243 | 2,594 | 1,383,748 |
| Deferred revenues | - | - | - | - | 16,274 |
| Other liabilities | - | - | - | - | 73,932 |
| Total liabilities | 311 | - | 243 | 2,594 | 1,491,318 |
| Fund balances (deficits) | - | 45,701 | 6,474 | - | 5,828,307 |
| Total liabilities and fund balances | \$ 311 | \$ 45,701 | \$ 6,717 | \$ 2,594 | \$ 7,319,625 |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | Animal Control Fund | Animal Control Spay & Neuter | Bulletproof Vest Grant | Bryne Grant | Police Restricted Revenue | Capital Reserve Fund | CDBG |
|---|------------------------|---------------------------------|---------------------------|----------------|---------------------------------|-------------------------|---------------|
| REVENUES | | | | | | | |
| Interest on Investments | \$ 17 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental revenue | - | - | 6,785 | 17,443 | - | - | 16,662 |
| Other | 1,847 | 702 | - | - | 87,432 | - | - |
| Total Revenues | <u>1,864</u> | <u>702</u> | <u>6,785</u> | <u>17,443</u> | <u>87,432</u> | <u>-</u> | <u>16,662</u> |
| EXPENDITURES: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 1,493 | 70 | 6,785 | 17,443 | 64,569 | - | - |
| Community development | - | - | - | - | - | - | 16,662 |
| Capital: | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - |
| Total Expenditures | <u>1,493</u> | <u>70</u> | <u>6,785</u> | <u>17,443</u> | <u>64,569</u> | <u>-</u> | <u>16,662</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | 371 | 632 | - | - | 22,863 | - | - |
| Other Financing Sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | - | 115,246 | - |
| Transfers out | - | - | - | - | - | (486,700) | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(371,454)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 371 | 632 | - | - | 22,863 | (371,454) | - |
| FUND BALANCE - beginning | <u>17,627</u> | <u>1,096</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,002,290</u> | <u>-</u> |
| FUND BALANCE - ending | <u>\$ 17,998</u> | <u>\$ 1,728</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,863</u> | <u>\$ 630,836</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | Document Preservation & Tech Upgrades | EMA Radio | Fire Prevention | Historical Records | Inspection Fees | Land Trust | Mobile Data Printer |
|---|---|-----------------|--------------------|-----------------------|--------------------|---------------------|---------------------------|
| REVENUES | | | | | | | |
| Interest on Investments | \$ 84 | \$ 8 | \$ 161 | \$ 12 | \$ 202 | \$ 34,906 | \$ - |
| Intergovernmental revenue | - | - | - | - | - | - | 22,204 |
| Other | 20,001 | - | 9,700 | 3,485 | - | - | - |
| Total Revenues | <u>20,085</u> | <u>8</u> | <u>9,861</u> | <u>3,497</u> | <u>202</u> | <u>34,906</u> | <u>22,204</u> |
| EXPENDITURES: | | | | | | | |
| General government | 1,250 | - | - | - | 1,385 | 34,253 | - |
| Public safety | - | 683 | 18,825 | - | - | - | - |
| Community development | - | - | - | - | - | - | - |
| Capital: | | | | | | | |
| Capital outlay | - | - | - | - | - | 3,800 | 22,204 |
| Total Expenditures | <u>1,250</u> | <u>683</u> | <u>18,825</u> | <u>-</u> | <u>1,385</u> | <u>38,053</u> | <u>22,204</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | 18,835 | (675) | (8,964) | 3,497 | (1,183) | (3,147) | - |
| Other Financing Sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | - | 57,623 | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>57,623</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 18,835 | (675) | (8,964) | 3,497 | (1,183) | 54,476 | - |
| FUND BALANCE - beginning | <u>108,436</u> | <u>7,399</u> | <u>33,487</u> | <u>26,494</u> | <u>9,166</u> | <u>1,656,287</u> | <u>-</u> |
| FUND BALANCE - ending | <u>\$ 127,271</u> | <u>\$ 6,724</u> | <u>\$ 24,523</u> | <u>\$ 29,991</u> | <u>\$ 7,983</u> | <u>\$ 1,710,763</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | Municipal Contingency Escrow | Operation Blue Riptide | Police Confiscated Funds | Tri Town III Police Grant | Wal-Mart Grant | Post Employment Escrow | Revaluation Escrow |
|---|------------------------------------|---------------------------|--------------------------------|---------------------------------|-------------------|------------------------------|-----------------------|
| REVENUES | | | | | | | |
| Interest on Investments | \$ 289 | \$ - | \$ - | \$ - | \$ - | \$ 195 | \$ 155 |
| Intergovernmental revenue | - | 7,562 | - | 7,989 | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total Revenues | <u>289</u> | <u>7,562</u> | <u>-</u> | <u>7,989</u> | <u>-</u> | <u>195</u> | <u>155</u> |
| EXPENDITURES: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | 7,562 | - | 7,989 | 386 | - | - |
| Community development | - | - | - | - | - | - | - |
| Capital: | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>7,562</u> | <u>-</u> | <u>7,989</u> | <u>386</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | 289 | - | - | - | (386) | 195 | 155 |
| Other Financing Sources (uses) | | | | | | | |
| Transfers in | 475,000 | - | - | - | - | 100,000 | 50,000 |
| Transfers out | (200,000) | - | - | - | - | - | - |
| Total other financing sources | <u>275,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,000</u> | <u>50,000</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 275,289 | - | - | - | (386) | 100,195 | 50,155 |
| FUND BALANCE - beginning | <u>1,036,669</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,003</u> | <u>657,366</u> | <u>467,145</u> |
| FUND BALANCE - ending | <u>\$ 1,311,958</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 617</u> | <u>\$ 757,561</u> | <u>\$ 517,300</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | Review Fees | Revolving Loan Fund | RI DOH Alcohol Grant | RI DOH Tobacco Grant | RI DOT Passenger Safety | RI DOT Click it or Ticket | Scholarship Fund |
|---|------------------|------------------------|----------------------------|----------------------------|-------------------------------|---------------------------------|---------------------|
| REVENUES | | | | | | | |
| Interest on Investments | \$ 292 | \$ 19 | \$ - | \$ - | \$ - | \$ - | \$ 2 |
| Intergovernmental revenue | - | - | 3,907 | 1,971 | 12,049 | 1,678 | - |
| Other | 7,204 | - | - | - | - | - | - |
| Total Revenues | <u>7,496</u> | <u>19</u> | <u>3,907</u> | <u>1,971</u> | <u>12,049</u> | <u>1,678</u> | <u>2</u> |
| EXPENDITURES: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 3,907 | 1,971 | 12,049 | 1,678 | - |
| Community development | - | - | - | - | - | - | - |
| Capital: | | | | | | | |
| Capital outlay | - | - | - | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>3,907</u> | <u>1,971</u> | <u>12,049</u> | <u>1,678</u> | <u>-</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | 7,496 | 19 | - | - | - | - | 2 |
| Other Financing Sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | (62,686) | (26,214) | - | - | - | - | - |
| Total other financing sources | <u>(62,686)</u> | <u>(26,214)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | (55,190) | (26,195) | - | - | - | - | 2 |
| FUND BALANCE - beginning | <u>67,467</u> | <u>26,195</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,481</u> |
| FUND BALANCE - ending | <u>\$ 12,277</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,483</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | Senior Center Grant | Senior Center | Smithfield Fire Rescue | Special Projects Fund | Tri-Town Alcohol Grant | Senior Center Memorial Donations | Police Memorial Fund |
|---|------------------------|------------------|---------------------------|-----------------------------|------------------------------|--|----------------------------|
| REVENUES | | | | | | | |
| Interest on Investments | \$ - | \$ - | \$ 4,101 | \$ 947 | \$ - | \$ - | \$ 2 |
| Intergovernmental revenue | - | - | 153,750 | - | 2,688 | - | - |
| Other | 16,900 | - | 716,047 | 53,989 | - | 543 | 247 |
| Total Revenues | <u>16,900</u> | <u>-</u> | <u>873,898</u> | <u>54,936</u> | <u>2,688</u> | <u>543</u> | <u>249</u> |
| EXPENDITURES: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 47,076 | 27,028 | 2,337 | - | - |
| Community development | 6,342 | - | - | - | - | 1,182 | - |
| Capital: | | | | | | | |
| Capital outlay | - | - | 559,829 | - | - | - | - |
| Total Expenditures | <u>6,342</u> | <u>-</u> | <u>606,905</u> | <u>27,028</u> | <u>2,337</u> | <u>1,182</u> | <u>-</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | 10,558 | - | 266,993 | 27,908 | 351 | (639) | 249 |
| Other Financing Sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | (106,451) | (550,000) | - | (351) | - | - |
| Total other financing sources | <u>-</u> | <u>(106,451)</u> | <u>(550,000)</u> | <u>-</u> | <u>(351)</u> | <u>-</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 10,558 | (106,451) | (283,007) | 27,908 | - | (639) | 249 |
| FUND BALANCE - beginning | <u>32,107</u> | <u>106,451</u> | <u>704,675</u> | <u>96,691</u> | <u>-</u> | <u>2,312</u> | <u>402</u> |
| FUND BALANCE - ending | <u>\$ 42,665</u> | <u>\$ -</u> | <u>\$ 421,668</u> | <u>\$ 124,599</u> | <u>\$ -</u> | <u>\$ 1,673</u> | <u>\$ 651</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2011

| | JAG Stimulus Grant-State | GPA Welfare | Senior Center Expansion Donations | Tri Town II Police Grant | Town Special Revenue Total |
|---|--------------------------------|------------------|---|--------------------------------|-------------------------------------|
| REVENUES | | | | | |
| Interest on Investments | \$ - | \$ - | \$ 12 | \$ - | \$ 41,404 |
| Intergovernmental revenue | 311 | 2,500 | - | 2,423 | 259,922 |
| Other | - | 8,579 | - | - | 926,676 |
| Total Revenues | <u>311</u> | <u>11,079</u> | <u>12</u> | <u>2,423</u> | <u>1,228,002</u> |
| EXPENDITURES: | | | | | |
| General government | - | - | - | - | 36,888 |
| Public safety | 311 | - | - | 2,423 | 224,585 |
| Community development | - | 4,107 | 219 | - | 28,512 |
| Capital: | | | | | |
| Capital outlay | - | - | - | - | 585,833 |
| Total Expenditures | <u>311</u> | <u>4,107</u> | <u>219</u> | <u>2,423</u> | <u>875,818</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | - | 6,972 | (207) | - | 352,184 |
| Other Financing Sources (uses) | | | | | |
| Transfers in | - | - | - | - | 797,869 |
| Transfers out | - | - | - | - | (1,432,402) |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(634,533)</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | - | 6,972 | (207) | - | (282,349) |
| FUND BALANCE - beginning | <u>-</u> | <u>38,729</u> | <u>6,681</u> | <u>-</u> | <u>6,110,656</u> |
| FUND BALANCE - ending | <u>\$ -</u> | <u>\$ 45,701</u> | <u>\$ 6,474</u> | <u>\$ -</u> | <u>\$ 5,828,307</u> |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2011

| | <u>Apple Valley Road Connector</u> | <u>Deerfield Park</u> | <u>Mann School Rd. Drainage</u> | <u>Fire Department Headquarters</u> | <u>Green Acres Acquisition Fund</u> | <u>High School Addition</u> |
|--|--|---------------------------|-------------------------------------|---|---|-------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 95,934 | \$ - |
| Internal balances | - | - | - | - | 1,794 | - |
| Intergovernmental receivables | - | - | 76,593 | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 76,593</u> | <u>\$ -</u> | <u>\$ 97,728</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 43,814 | \$ - | \$ - | \$ - |
| Internal balances | - | - | 32,779 | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>76,593</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - Unreserved | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>97,728</u> | <u>-</u> |
| Total fund balances (deficit) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>97,728</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 76,593</u> | <u>\$ -</u> | <u>\$ 97,728</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2011

| | <u>Highway Drainage</u> | <u>Smithfield Historic Landmark</u> | <u>Impact Fees</u> | <u>Land Acq. Open Space Bond</u> | <u>Library Bond</u> | <u>Middle School Additions</u> |
|--|-----------------------------|---|------------------------|--|-------------------------|--|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 72,170 | \$ 881 | \$ 553,913 | \$ - | \$ - | \$ - |
| Internal balances | - | - | 65 | 363,034 | - | 5,124 |
| Intergovernmental receivables | - | - | - | - | - | - |
| Total assets | <u>\$ 72,170</u> | <u>\$ 881</u> | <u>\$ 553,978</u> | <u>\$ 363,034</u> | <u>\$ -</u> | <u>\$ 5,124</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | 70,000 | - | - | - | - | - |
| Total liabilities | <u>70,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - | | | | | | |
| Unreserved | 2,170 | 881 | 553,978 | 363,034 | - | 5,124 |
| Total fund balances (deficit) | <u>2,170</u> | <u>881</u> | <u>553,978</u> | <u>363,034</u> | <u>-</u> | <u>5,124</u> |
| Total liabilities and fund balances | <u>\$ 72,170</u> | <u>\$ 881</u> | <u>\$ 553,978</u> | <u>\$ 363,034</u> | <u>\$ -</u> | <u>\$ 5,124</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2011

| | <u>Open Space & Rec. Area</u> | <u>Farm Land Bond</u> | <u>Police Equipment</u> | <u>Road Resurfacing 2007</u> | <u>Senior Center CP</u> | <u>Woods Plat Special Drainage</u> |
|--|---|---------------------------|-----------------------------|--------------------------------------|-----------------------------|--|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 4,534 | \$ - | \$ 183,428 | \$ - | \$ - | \$ - |
| Internal balances | - | - | - | - | - | - |
| Intergovernmental receivables | - | - | 10,388 | - | - | - |
| Total assets | <u>\$ 4,534</u> | <u>\$ -</u> | <u>\$ 193,816</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 178,754 | \$ - | \$ - |
| Internal balances | - | - | 127,023 | 4,816,870 | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>127,023</u> | <u>4,995,624</u> | <u>-</u> | <u>-</u> |
| Fund balances - | | | | | | |
| Unreserved | 4,534 | - | 66,793 | (4,995,624) | - | - |
| Total fund balances (deficit) | <u>4,534</u> | <u>-</u> | <u>66,793</u> | <u>(4,995,624)</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 4,534</u> | <u>\$ -</u> | <u>\$ 193,816</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2011

| | <u>Esmond St Enhancement</u> | <u>Water Dist Improvement Fee</u> | <u>Handicap Accessibility</u> | <u>Salt Barn Property</u> | <u>Totals</u> |
|--|----------------------------------|---|-----------------------------------|-------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 18,721 | \$ 10,780 | \$ - | \$ 940,361 |
| Internal balances | 40,963 | - | - | - | 410,980 |
| Intergovernmental receivables | 193,748 | - | - | - | 280,729 |
| Total assets | <u>\$ 234,711</u> | <u>\$ 18,721</u> | <u>\$ 10,780</u> | <u>\$ -</u> | <u>\$ 1,632,070</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 234,711 | \$ - | \$ - | \$ - | \$ 457,279 |
| Internal balances | - | - | - | 992,896 | 6,039,568 |
| Total liabilities | <u>234,711</u> | <u>-</u> | <u>-</u> | <u>992,896</u> | <u>6,496,847</u> |
| Fund balances - | | | | | |
| Unreserved | - | 18,721 | 10,780 | (992,896) | (4,864,777) |
| Total fund balances (deficit) | <u>-</u> | <u>18,721</u> | <u>10,780</u> | <u>(992,896)</u> | <u>(4,864,777)</u> |
| Total liabilities and fund balances | <u>\$ 234,711</u> | <u>\$ 18,721</u> | <u>\$ 10,780</u> | <u>\$ -</u> | <u>\$ 1,632,070</u> |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Apple Valley Road Connector</u> | <u>Deerfield Park</u> | <u>Mann School Rd. Drainage</u> | <u>Fire Department Headquarters</u> | <u>Green Acres Acquisition Fund</u> | <u>High School Addition</u> |
|---|--|---------------------------|-------------------------------------|---|---|-------------------------------------|
| Revenues | | | | | | |
| Interest on Investments | \$ - | \$ - | \$ - | \$ 4,018 | \$ 48 | \$ - |
| Intergovernmental revenue | - | - | 78,531 | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>78,531</u> | <u>4,018</u> | <u>48</u> | <u>-</u> |
| Expenditures | | | | | | |
| General government | - | - | - | 168,435 | - | - |
| Public works | - | - | - | - | - | - |
| Debt service | - | - | - | 2,070,000 | - | - |
| Capital expenditures | - | - | 78,531 | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>78,531</u> | <u>2,238,435</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | - | - | - | (2,234,417) | 48 | - |
| Other financing sources (uses) | | | | | | |
| Proceeds from debt issuance | - | - | - | - | - | - |
| Transfers in | 2,480 | - | - | - | 1,794 | - |
| Transfers out | - | (24,000) | - | - | - | (23,720) |
| Total other financing sources (uses) | <u>2,480</u> | <u>(24,000)</u> | <u>-</u> | <u>-</u> | <u>1,794</u> | <u>(23,720)</u> |
| Excess of revenues and other sources over (under) expenditures | <u>2,480</u> | <u>(24,000)</u> | <u>-</u> | <u>(2,234,417)</u> | <u>1,842</u> | <u>(23,720)</u> |
| FUND BALANCE - beginning | <u>(2,480)</u> | <u>24,000</u> | <u>-</u> | <u>2,234,417</u> | <u>95,886</u> | <u>23,720</u> |
| FUND BALANCE - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 97,728</u> | <u>\$ -</u> |

(continued)

**SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011**

| | Highway Drainage | Smithfield Historic Landmark | Impact Fees | Land Acq. Open Space Bond | Library Bond | Middle School Additions |
|---|---------------------|------------------------------------|-------------------|---------------------------------|-----------------|-------------------------------|
| Revenues | | | | | | |
| Interest on Investments | \$ 65 | \$ 1 | \$ 196 | \$ - | \$ - | \$ - |
| Intergovernmental revenue | - | - | - | - | - | - |
| Other | - | - | 188,635 | - | - | - |
| Total revenues | <u>65</u> | <u>1</u> | <u>188,831</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | |
| General government | - | - | - | 18,713 | - | - |
| Public works | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital expenditures | - | - | - | 742,754 | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>761,467</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | 65 | 1 | 188,831 | (761,467) | - | - |
| Other financing sources (uses) | | | | | | |
| Proceeds from debt issuance | - | - | - | 2,650,000 | - | - |
| Transfers in | - | - | - | 217,864 | 1,843 | - |
| Transfers out | (40,000) | - | (60,000) | - | - | - |
| Total other financing sources (uses) | <u>(40,000)</u> | <u>-</u> | <u>(60,000)</u> | <u>2,867,864</u> | <u>1,843</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures | <u>(39,935)</u> | <u>1</u> | <u>128,831</u> | <u>2,106,397</u> | <u>1,843</u> | <u>-</u> |
| FUND BALANCE - beginning | 42,105 | 880 | 425,147 | (1,743,363) | (1,843) | 5,124 |
| FUND BALANCE - ending | <u>\$ 2,170</u> | <u>\$ 881</u> | <u>\$ 553,978</u> | <u>\$ 363,034</u> | <u>\$ -</u> | <u>\$ 5,124</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | Open Space & Rec. Area | Farm Land Bond | Police Equipment | Road Resurfacing 2007 | Senior Center CP | Woods Plat Special Drainage |
|---|------------------------------|--------------------|---------------------|-----------------------------|---------------------|-----------------------------------|
| Revenues | | | | | | |
| Interest on Investments | \$ 12 | \$ - | \$ 92 | \$ - | \$ 32 | \$ 38 |
| Intergovernmental revenue | - | - | - | - | - | - |
| Other | - | - | 97,834 | - | - | - |
| Total revenues | <u>12</u> | <u>-</u> | <u>97,926</u> | <u>-</u> | <u>32</u> | <u>38</u> |
| Expenditures | | | | | | |
| General government | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital expenditures | - | 531,090 | - | 462,176 | - | - |
| Total expenditures | <u>-</u> | <u>531,090</u> | <u>-</u> | <u>462,176</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | 12 | (531,090) | 97,926 | (462,176) | 32 | 38 |
| Other financing sources (uses) | | | | | | |
| Proceeds from debt issuance | - | 2,500,000 | - | - | - | - |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | (217,864) | (129,000) | - | (95) | (124) |
| Total other financing sources (uses) | <u>-</u> | <u>2,282,136</u> | <u>(129,000)</u> | <u>-</u> | <u>(95)</u> | <u>(124)</u> |
| Excess of revenues and other sources over (under) expenditures | 12 | 1,751,046 | (31,074) | (462,176) | (63) | (86) |
| FUND BALANCE - beginning | <u>4,522</u> | <u>(1,751,046)</u> | <u>97,867</u> | <u>(4,533,448)</u> | <u>63</u> | <u>86</u> |
| FUND BALANCE - ending | <u>\$ 4,534</u> | <u>\$ -</u> | <u>\$ 66,793</u> | <u>\$ (4,995,624)</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | <u>Esmond St Enhancement</u> | <u>Water Dist Improvement Fee</u> | <u>Handicap Accessibility</u> | <u>Salt Barn Property</u> | <u>Totals</u> |
|---|----------------------------------|---|-----------------------------------|-------------------------------|-----------------------|
| Revenues | | | | | |
| Interest on Investments | \$ - | \$ 16 | \$ 8 | \$ - | \$ 4,526 |
| Intergovernmental revenue | 244,925 | - | - | - | 323,456 |
| Other | - | - | - | - | 286,469 |
| Total revenues | <u>244,925</u> | <u>16</u> | <u>8</u> | <u>-</u> | <u>614,451</u> |
| Expenditures | | | | | |
| General government | - | - | - | - | 187,148 |
| Public works | - | - | - | 3,136 | 3,136 |
| Debt service | - | - | - | - | 2,070,000 |
| Capital expenditures | 244,925 | - | - | - | 2,059,476 |
| Total expenditures | <u>244,925</u> | <u>-</u> | <u>-</u> | <u>3,136</u> | <u>4,319,760</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | - | 16 | 8 | (3,136) | (3,705,309) |
| Other financing sources (uses) | | | | | |
| Proceeds from debt issuance | - | - | - | - | 5,150,000 |
| Transfers in | - | - | - | - | 223,981 |
| Transfers out | - | - | - | - | (494,803) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,879,178</u> |
| Excess of revenues and other sources over (under) expenditures | - | 16 | 8 | (3,136) | 1,173,869 |
| FUND BALANCE - beginning | - | 18,705 | 10,772 | (989,760) | (6,038,646) |
| FUND BALANCE - ending | <u>\$ -</u> | <u>\$ 18,721</u> | <u>\$ 10,780</u> | <u>\$ (992,896)</u> | <u>\$ (4,864,777)</u> |

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Combining Balance Sheet
June 30, 2011

| | <u>School Lunch</u> | <u>Smithfield Ice Rink</u> | <u>E. Smithfield Public Library</u> | <u>Greenville Public Library</u> | <u>E. Smithfield Neighborhood Center</u> | <u>Totals</u> |
|---|-------------------------|--------------------------------|---|--------------------------------------|--|---------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 138,947 | \$ 1,031,431 | \$ 84,943 | \$ 110,652 | \$ 1,850 | \$ 1,367,823 |
| Investments | - | - | - | 258,642 | - | 258,642 |
| Receivables, net | - | 22,468 | 1,822 | - | 1,876 | 26,166 |
| Internal balances | - | - | - | - | - | - |
| Due from other governments | 13,072 | - | - | - | - | 13,072 |
| Total Current Assets | <u>152,019</u> | <u>1,053,899</u> | <u>86,765</u> | <u>369,294</u> | <u>3,726</u> | <u>1,665,703</u> |
| Noncurrent Assets | | | | | | |
| Asset restricted to investment in building | - | - | - | 6,000 | - | 6,000 |
| Net capital assets | 27,667 | 832,708 | 386,022 | 1,821,422 | - | 3,067,819 |
| Total Noncurrent Assets | <u>27,667</u> | <u>832,708</u> | <u>386,022</u> | <u>1,827,422</u> | <u>-</u> | <u>3,073,819</u> |
| TOTAL ASSETS | <u>179,686</u> | <u>1,886,607</u> | <u>472,787</u> | <u>2,196,716</u> | <u>3,726</u> | <u>4,739,522</u> |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | 57,885 | 35,172 | 1,929 | 8,817 | 2,012 | 105,815 |
| Accrued payroll | - | - | 31,591 | 7,109 | - | 38,700 |
| Deferred revenue | 1,394 | 635 | - | - | - | 2,029 |
| Internal balances | 1,355 | 54,823 | - | 276,651 | - | 332,829 |
| Total Current Liabilities | <u>60,634</u> | <u>90,630</u> | <u>33,520</u> | <u>292,577</u> | <u>2,012</u> | <u>479,373</u> |
| Noncurrent Liabilities | | | | | | |
| Accrued vacation and sick leave | - | 45,932 | - | - | - | 45,932 |
| Total Noncurrent Liabilities | <u>-</u> | <u>45,932</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>45,932</u> |
| TOTAL LIABILITIES | <u>60,634</u> | <u>136,562</u> | <u>33,520</u> | <u>292,577</u> | <u>2,012</u> | <u>525,305</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 27,667 | 832,708 | 386,022 | 1,821,422 | - | 3,067,819 |
| Unrestricted | 91,385 | 917,337 | 53,245 | 82,717 | 1,714 | 1,146,398 |
| TOTAL NET ASSETS | <u>\$ 119,052</u> | <u>\$ 1,750,045</u> | <u>\$ 439,267</u> | <u>\$ 1,904,139</u> | <u>\$ 1,714</u> | <u>\$ 4,214,217</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

| | <u>School Lunch</u> | <u>Smithfield Ice Rink</u> | <u>E. Smithfield Public Library</u> | <u>Greenville Public Library</u> | <u>E. Smithfield Neighborhood Center</u> | <u>Total</u> |
|---|-------------------------|--------------------------------|---|--------------------------------------|--|---------------------|
| Operating revenues | | | | | | |
| Charges for usage and service | \$ - | \$ 658,208 | \$ 4,263 | \$ 43,052 | \$ 18,790 | \$ 724,313 |
| Food sales | 472,713 | - | - | - | - | 472,713 |
| Intergovernmental | 171,423 | - | 108,814 | 144,241 | - | 424,478 |
| Miscellaneous | - | - | 2,145 | 27,598 | - | 29,743 |
| Total operating revenues | <u>644,136</u> | <u>658,208</u> | <u>115,222</u> | <u>214,891</u> | <u>18,790</u> | <u>1,651,247</u> |
| Operating expenses | | | | | | |
| Salaries and benefits | - | 244,561 | 426,352 | 646,004 | 24,297 | 1,341,214 |
| Operations | 638,545 | 288,062 | 138,381 | 273,691 | 14,328 | 1,353,007 |
| Depreciation and amortization | 5,133 | 84,518 | 24,968 | 66,149 | - | 180,768 |
| Total operating expenses | <u>643,678</u> | <u>617,141</u> | <u>589,701</u> | <u>985,844</u> | <u>38,625</u> | <u>2,874,989</u> |
| Operating income (loss) | <u>458</u> | <u>41,067</u> | <u>(474,479)</u> | <u>(770,953)</u> | <u>(19,835)</u> | <u>(1,223,742)</u> |
| Non-operating revenues (expenses) | | | | | | |
| Interest income | - | - | 62 | 4,624 | - | 4,686 |
| Grants | - | - | 20,936 | 10,060 | - | 30,996 |
| Unrealized gain on investment | - | - | - | 18,006 | - | 18,006 |
| Interest expense | - | - | - | (12,700) | - | (12,700) |
| Total non-operating (expenses) | <u>-</u> | <u>-</u> | <u>20,998</u> | <u>19,990</u> | <u>-</u> | <u>40,988</u> |
| Other financing sources | | | | | | |
| Operating transfers in | - | - | 457,885 | 729,849 | 19,979 | 1,207,713 |
| Total Other financing sources (uses) | <u>-</u> | <u>-</u> | <u>457,885</u> | <u>729,849</u> | <u>19,979</u> | <u>1,207,713</u> |
| Change in Net Assets | <u>458</u> | <u>41,067</u> | <u>4,404</u> | <u>(21,114)</u> | <u>144</u> | <u>24,959</u> |
| Total Net Assets - Beginning | 118,594 | 1,708,978 | 434,863 | 1,925,253 | 1,570 | 4,189,258 |
| Total Net Assets - Ending | <u>\$ 119,052</u> | <u>\$ 1,750,045</u> | <u>\$ 439,267</u> | <u>\$ 1,904,139</u> | <u>\$ 1,714</u> | <u>\$ 4,214,217</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

| | School Lunch | Smithfield Ice Rink | E. Smithfield Public Library | Greenville Public Library | E. Smithfield Neighborhood Center | Total |
|---|-------------------|------------------------|---------------------------------|------------------------------|---|---------------------|
| Cash flows from operating activities | | | | | | |
| Cash received from customers | \$ 642,405 | \$ 663,765 | \$ 4,263 | \$ 43,052 | \$ 16,914 | \$ 1,370,399 |
| Cash received from providing services | - | - | 110,959 | 171,839 | - | 282,798 |
| Cash payments to suppliers for goods and services | (631,670) | (271,465) | (140,186) | (273,362) | (13,989) | (1,330,672) |
| Cash payments to employees for services | - | (244,561) | (428,545) | (644,088) | (24,297) | (1,341,491) |
| Net cash provided by (used for) operating activities | <u>10,735</u> | <u>147,739</u> | <u>(453,509)</u> | <u>(702,559)</u> | <u>(21,372)</u> | <u>(1,018,966)</u> |
| Cash flows from non-capital financing activities | | | | | | |
| Nonoperating grants received | - | - | 20,936 | 10,060 | - | 30,996 |
| Transfers in from town | - | - | 457,885 | 729,849 | 19,979 | 1,207,713 |
| Interfund loans | 9,770 | 542 | - | (13,349) | - | (3,037) |
| Net cash provided by non-capital financing activities | <u>9,770</u> | <u>542</u> | <u>478,821</u> | <u>726,560</u> | <u>19,979</u> | <u>1,235,672</u> |
| Cash flows from capital and related financing activities | | | | | | |
| Additions to capital assets | - | (38,047) | (2,378) | (232,793) | - | (273,218) |
| Interest paid on long term debt | - | - | - | (12,700) | - | (12,700) |
| Net cash (used for) capital and related financing activities | <u>-</u> | <u>(38,047)</u> | <u>(2,378)</u> | <u>(245,493)</u> | <u>-</u> | <u>(285,918)</u> |
| Cash flows from investing activities | | | | | | |
| Interest income | - | - | 62 | 4,624 | - | 4,686 |
| Unrealized gain on investment | - | - | - | 18,006 | - | 18,006 |
| Net purchases of investments | - | - | - | (33,510) | - | (33,510) |
| Net cash provided by investing activities | <u>-</u> | <u>-</u> | <u>62</u> | <u>(10,880)</u> | <u>-</u> | <u>(10,818)</u> |
| Net increase (decrease) in cash and cash equivalents | 20,505 | 110,234 | 22,996 | (232,372) | (1,393) | (80,030) |
| Cash and cash equivalents at beginning of year | 118,442 | 921,197 | 61,947 | 343,024 | 3,243 | 1,447,853 |
| Cash, (cash overdrafts recorded as payables) and cash equivalents at end of year | <u>\$ 138,947</u> | <u>\$ 1,031,431</u> | <u>\$ 84,943</u> | <u>\$ 110,652</u> | <u>\$ 1,850</u> | <u>\$ 1,367,823</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(continued)

| | <u>School Lunch</u> | <u>Smithfield Ice Rink</u> | <u>E. Smithfield Public Library</u> | <u>Greenville Public Library</u> | <u>E. Smithfield Neighborhood Center</u> | <u>Total</u> |
|--|-------------------------|--------------------------------|---|--------------------------------------|--|-----------------------|
| Reconciliation of operating income to net cash provided by operating activities | | | | | | |
| Operating income (Loss) | \$ 458 | \$ 41,067 | \$ (474,479) | \$ (770,953) | \$ (19,835) | \$ (1,223,742) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation and amortization | 5,133 | 84,518 | 24,968 | 66,149 | - | 180,768 |
| Changes in assets and liabilities: | | | | | | |
| (Increase) decrease in accounts receivable | (1,489) | 5,921 | (1,822) | - | (1,876) | 734 |
| (Increase) decrease in other assets | - | - | - | - | - | - |
| Increase (decrease) in accounts payable and accrued expense | 6,875 | 16,597 | 17 | 329 | 339 | 24,157 |
| Increase (decrease) in accrued expense | - | - | (2,193) | 1,916 | - | (277) |
| Increase (decrease) in deferred revenue | (242) | (364) | - | - | - | (606) |
| Total adjustments | <u>10,277</u> | <u>106,672</u> | <u>20,970</u> | <u>68,394</u> | <u>(1,537)</u> | <u>204,776</u> |
| Net cash provided by operating activities | <u>\$ 10,735</u> | <u>\$ 147,739</u> | <u>\$ (453,509)</u> | <u>\$ (702,559)</u> | <u>\$ (21,372)</u> | <u>\$ (1,018,966)</u> |

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

| | <u>Balance</u> <u>July 1, 2010</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2011</u> |
|-------------------------------------|---------------------------------------|-------------------|-------------------|--|
| PUPIL ACTIVITY FUNDS | | | | |
| Assets | | | | |
| Cash | \$ 171,395 | \$ 544,298 | \$ 547,263 | \$ 168,430 |
| Total assets | <u>\$ 171,395</u> | <u>\$ 544,298</u> | <u>\$ 547,263</u> | <u>\$ 168,430</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 171,395 | \$ 544,298 | \$ 547,263 | \$ 168,430 |
| Total liabilities | <u>\$ 171,395</u> | <u>\$ 544,298</u> | <u>\$ 547,263</u> | <u>\$ 168,430</u> |
| PROBATE COURT | | | | |
| Assets | | | | |
| Cash | \$ 95,841 | \$ 82 | \$ - | \$ 95,923 |
| Total assets | <u>\$ 95,841</u> | <u>\$ 82</u> | <u>\$ -</u> | <u>\$ 95,923</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 95,841 | \$ 82 | \$ - | \$ 95,923 |
| Total liabilities | <u>\$ 95,841</u> | <u>\$ 82</u> | <u>\$ -</u> | <u>\$ 95,923</u> |
| STREET LIGHTING | | | | |
| Assets | | | | |
| Cash | \$ 20,518 | \$ 52 | \$ - | \$ 20,570 |
| Total assets | <u>\$ 20,518</u> | <u>\$ 52</u> | <u>\$ -</u> | <u>\$ 20,570</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 20,518 | \$ 52 | \$ - | \$ 20,570 |
| Total liabilities | <u>\$ 20,518</u> | <u>\$ 52</u> | <u>\$ -</u> | <u>\$ 20,570</u> |
| SOIL EROSION | | | | |
| Assets | | | | |
| Cash | \$ 284,422 | \$ 174,163 | \$ 164,687 | \$ 293,898 |
| Total assets | <u>\$ 284,422</u> | <u>\$ 174,163</u> | <u>\$ 164,687</u> | <u>\$ 293,898</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 237,717 | \$ - | \$ 164,687 | \$ 73,030 |
| Internal balances | 46,705 | 174,163 | - | 220,868 |
| Total liabilities | <u>\$ 284,422</u> | <u>\$ 174,163</u> | <u>\$ 164,687</u> | <u>\$ 293,898</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash | \$ 572,176 | \$ 718,595 | \$ 711,950 | \$ 578,821 |
| Total assets | <u>\$ 572,176</u> | <u>\$ 718,595</u> | <u>\$ 711,950</u> | <u>\$ 578,821</u> |
| Liabilities | | | | |
| Deposits held in custody for others | \$ 525,471 | \$ 544,432 | \$ 711,950 | \$ 357,953 |
| Internal balances | 46,705 | 174,163 | - | 220,868 |
| Total liabilities | <u>\$ 572,176</u> | <u>\$ 718,595</u> | <u>\$ 711,950</u> | <u>\$ 578,821</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2011

| Fiscal Year End | Balance July 1, 2010 | Current Year Assessment | Additions | Refunds and Adjustments | Abatements and Adjustments | Amount to be Collected | Collections | Balance June 30, 2010 |
|------------------------|-----------------------------|--------------------------------|-------------------|--------------------------------|-----------------------------------|-------------------------------|----------------------|------------------------------|
| 2011 | \$ - | \$ 48,233,107 | \$ 294,335 | \$ 20,721 | \$ 55,845 | \$ 48,492,318 | \$ 43,814,774 | \$ 4,677,544 |
| 2010 | 2,445,828 | - | - | 16,106 | 1,598 | 2,460,336 | 2,231,596 | 228,740 |
| 2009 | 286,329 | - | - | 132 | 2,079 | 284,382 | 22,945 | 261,437 |
| 2008 | 157,254 | - | - | - | 1,060 | 156,194 | 8,729 | 147,465 |
| 2007 | 112,396 | - | - | - | 65 | 112,331 | 4,417 | 107,914 |
| 2006 | 107,896 | - | - | 15 | - | 107,911 | 5,874 | 102,037 |
| 2005 | 127,979 | - | - | - | 1 | 127,978 | 1,531 | 126,447 |
| 2004 | 165,634 | - | - | - | (1) | 165,635 | 307 | 165,328 |
| 2003 | 245,930 | - | - | - | 20 | 245,910 | 202 | 245,708 |
| 2002 | 178,825 | - | - | - | 178,825 | - | - | - |
| Prior | 2,861,763 | - | - | - | (178,815) | 3,040,578 | - | 3,040,578 |
| Allowance | (4,253,788) | - | 372,796 | - | - | (3,880,992) | - | (4,626,584) |
| Totals | \$ 2,436,046 | \$ 48,233,107 | \$ 667,131 | \$ 36,974 | \$ 60,677 | \$ 51,312,581 | \$ 46,090,375 | \$ 4,476,614 |

Schedule of most recent net assessed property value by category as of December 31, 2009:

| Description of Property | Valuations | Exemptions | Levy - Net |
|--------------------------------|------------------------|----------------------|----------------------|
| Real property | \$2,402,884,930 | \$ 16,871,872 | \$ 36,964,118 |
| Motor vehicles | 182,615,673 | 27,673,250 | 6,042,539 |
| Personal property | 91,724,320 | - | 5,226,450 |
| Total | \$2,677,224,923 | \$ 44,545,122 | \$ 48,233,107 |

Reconciliation of current year property tax revenue:

| | |
|---|----------------------|
| Current year collections | <u>\$ 46,090,375</u> |
| Reserve collected within 60 days subsequent to fiscal year ending June 30, 2011 | 3,305,262 |
| Prior year revenue received in current year | (1,257,360) |
| Adjustments, refunds, liens and interest | 397,556 |
| Current year property tax revenue | <u>\$ 48,535,833</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Long-term Liabilities - Primary Government
For the Fiscal Year Ended June 30, 2011

| | <u>Date of Issuance</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Authorized and Issued</u> | <u>Outstanding July 1, 2010</u> | <u>Additions</u> | <u>Maturities During Year</u> | <u>Outstanding June 30, 2011</u> | <u>Interest Paid</u> | <u>Due within one year</u> |
|---|-------------------------|----------------------|-------------------------|------------------------------|---------------------------------|----------------------|-------------------------------|----------------------------------|----------------------|----------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| General Obligation Bonds Payable | | | | | | | | | | |
| Capital Improvement Bond 1997 | 6/15/1997 | 4.55-6.5% | 4/15/2016 | \$ 9,160,000 | \$ 2,400,000 | \$ - | \$ 400,000 | \$ 2,000,000 | \$ 121,750 | \$ 400,000 |
| Capital Improvement Bond 2003 | 6/25/2003 | 2.5-5.0% | 10/15/2024 | 8,600,000 | 6,020,000 | - | 2,500,000 | 3,520,000 | 218,225 | 275,000 |
| General Obligation Bonds 2011 Series A | 1/15/2011 | 3.0-4.0% | 1/15/2031 | 6,270,000 | - | 6,270,000 | - | 6,270,000 | - | 105,000 |
| General Obligation Bonds 2011 Series B | 1/15/2011 | 1.25-2.4% | 1/15/2016 | 1,380,000 | - | 1,380,000 | - | 1,380,000 | - | 280,000 |
| Total general obligation bonds payable | | | | <u>25,410,000</u> | <u>8,420,000</u> | <u>7,650,000</u> | <u>2,900,000</u> | <u>13,170,000</u> | <u>339,975</u> | <u>1,060,000</u> |
| Loans Payable | | | | | | | | | | |
| Lease Participation Certificate | 3/12/2003 | various | 11/15/2012 | 7,350,000 | 2,435,000 | - | 770,000 | 1,665,000 | 102,500 | 810,000 |
| Total governmental funds bonds & loans payable | | | | <u>32,760,000</u> | <u>10,855,000</u> | <u>7,650,000</u> | <u>3,670,000</u> | <u>14,835,000</u> | <u>442,475</u> | <u>1,870,000</u> |
| Capital Leases Payable | | | | | | | | | | |
| Equipment Leases | | | | | 167,598 | - | 63,620 | 103,978 | 7,340 | 50,873 |
| Total governmental funds bonds, loans, BANs & leases payable | | | | | <u>11,022,598</u> | <u>7,650,000</u> | <u>3,733,620</u> | <u>14,938,978</u> | <u>449,815</u> | <u>1,920,873</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Notes Payable | | | | | | | | | | |
| Clean Water | 12/12/2007 | 1.492% | 9/1/2022 | 850,000 | 751,000 | - | 51,000 | 700,000 | 14,182 | 52,000 |
| Clean Water | 10/6/2009 | 2.890% | 9/1/2024 | 560,000 | 535,848 | - | 33,490 | 502,358 | 5,169 | 33,491 |
| Total notes payable | | | | <u>\$ 1,410,000</u> | <u>1,286,848</u> | <u>-</u> | <u>84,490</u> | <u>1,202,358</u> | <u>19,351</u> | <u>85,491</u> |
| Total bonds and notes payable | | | | | <u>1,286,848</u> | <u>-</u> | <u>84,490</u> | <u>1,202,358</u> | <u>19,351</u> | <u>85,491</u> |
| Accrued expenses | | | | | | | | | | |
| Net pension obligation | | | | | 2,694,331 | 3,477,177 | 3,907,535 | 2,263,973 | - | - |
| Net other post employment benefit obligation | | | | | 1,778,967 | 2,302,143 | 1,663,585 | 2,417,525 | - | - |
| Accrued compensated absences | | | | | 3,737,841 | 1,346,609 | 1,380,542 | 3,703,908 | - | - |
| Total accrued expenses | | | | | <u>8,211,139</u> | <u>7,125,929</u> | <u>6,951,662</u> | <u>8,385,406</u> | <u>-</u> | <u>-</u> |
| Total long term liabilities | | | | | <u>\$ 20,520,585</u> | <u>\$ 14,775,929</u> | <u>\$ 10,769,772</u> | <u>\$ 24,526,742</u> | <u>\$ 469,166</u> | <u>\$ 2,006,364</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - General Fund
For the Fiscal Year Ended June 30, 2011

| <u>Fiscal Year Ended June 30,</u> | <u>Percentage of Maturity</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|---------------------------------------|-----------------------------------|-----------------------------|----------------------------|-------------------------------|
| 2012 | 12.61% | \$ 1,870,000 | \$ 628,625 | \$ 2,498,625 |
| 2013 | 25.51% | 1,915,000 | 545,963 | 2,460,963 |
| 2014 | 32.63% | 1,055,000 | 482,725 | 1,537,725 |
| 2015 | 39.74% | 1,055,000 | 438,213 | 1,493,213 |
| 2016 | 46.85% | 1,055,000 | 392,862 | 1,447,862 |
| 2017 | 51.26% | 655,000 | 350,638 | 1,005,638 |
| 2018 | 55.68% | 655,000 | 321,887 | 976,887 |
| 2019 | 60.09% | 655,000 | 293,138 | 948,138 |
| 2020-31 | 100.00% | 5,920,000 | 1,411,951 | 7,331,951 |
| | | <u>\$ 14,835,000</u> | <u>\$ 4,866,002</u> | <u>\$ 19,701,002</u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - Proprietary Funds
For the Fiscal Year Ended June 30, 2011

| <u>Fiscal Year Ended June 30,</u> | <u>Percentage of Maturity</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|---------------------------------------|-----------------------------------|---------------------|-------------------|-------------------------------|
| 2012 | 7.11% | \$ 85,491 | \$ 20,031 | \$ 105,522 |
| 2013 | 14.30% | 86,491 | 18,742 | 105,233 |
| 2014 | 21.58% | 87,491 | 16,993 | 104,484 |
| 2015 | 29.02% | 89,447 | 15,969 | 105,416 |
| 2016 | 36.54% | 90,447 | 14,482 | 104,929 |
| 2017 | 44.23% | 92,404 | 12,932 | 105,336 |
| 2018 | 52.08% | 94,404 | 11,309 | 105,713 |
| 2019 | 60.09% | 96,361 | 9,610 | 105,971 |
| 2020-2025 | 100.00% | 479,822 | 21,365 | 501,187 |
| | | <u>\$ 1,202,358</u> | <u>\$ 141,433</u> | <u>\$ 1,343,791</u> |

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

Exhibit 1

| | Fiscal Year | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Governmental Activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 24,860,537 | \$ 27,277,016 | \$ 22,780,778 | \$ 19,460,357 | \$ 15,714,930 | \$ 11,847,660 | \$ 10,481,689 | \$ 9,283,598 |
| Restricted | - | - | - | 6,907,769 | 6,159,108 | 3,943,034 | 7,497,123 | 8,331,876 |
| Unrestricted | 12,823,795 | 9,083,365 | 12,201,744 | 4,956,251 | 7,690,795 | 8,064,521 | 6,450,626 | 7,554,625 |
| Total governmental activities net assets | <u>\$ 37,684,332</u> | <u>\$ 36,360,381</u> | <u>\$ 34,982,522</u> | <u>\$ 31,324,377</u> | <u>\$ 29,564,833</u> | <u>\$ 23,855,215</u> | <u>\$ 24,429,438</u> | <u>\$ 25,170,099</u> |
| Business-type activities | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 18,805,250 | \$ 19,206,025 | \$ 19,932,798 | \$ 17,449,695 | \$ 18,745,736 | \$ 19,462,765 | \$ 16,282,443 | \$ 14,095,661 |
| Unrestricted | 6,559,230 | 7,278,605 | 7,165,904 | 7,166,588 | 6,352,272 | 6,033,377 | 5,286,771 | 4,742,358 |
| Total business-type activities net assets | <u>\$ 25,364,480</u> | <u>\$ 26,484,630</u> | <u>\$ 27,098,702</u> | <u>\$ 24,616,283</u> | <u>\$ 25,098,008</u> | <u>\$ 25,496,142</u> | <u>\$ 21,569,214</u> | <u>\$ 18,838,019</u> |
| Primary government | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 43,665,787 | \$ 46,483,041 | \$ 42,713,576 | \$ 36,910,052 | \$ 34,460,666 | \$ 31,310,425 | \$ 26,764,132 | \$ 23,379,259 |
| Restricted | - | - | - | 6,907,769 | 6,159,108 | 3,943,034 | 7,497,123 | 8,331,876 |
| Unrestricted | 19,383,025 | 16,361,970 | 19,367,648 | 12,122,839 | 14,043,067 | 14,097,898 | 11,737,397 | 12,296,983 |
| Total primary government net assets | <u>\$ 63,048,812</u> | <u>\$ 62,845,011</u> | <u>\$ 62,081,224</u> | <u>\$ 55,940,660</u> | <u>\$ 54,662,841</u> | <u>\$ 49,351,357</u> | <u>\$ 45,998,652</u> | <u>\$ 44,008,118</u> |

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

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

Exhibit 2

| | Fiscal Year | | | | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Expenses | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 5,493,158 | \$ 7,165,831 | \$ 4,910,553 | \$ 3,418,361 | \$ 2,441,754 | \$ 2,754,935 | \$ 2,416,005 | \$ 2,477,033 |
| Public safety | 14,998,929 | 15,133,585 | 9,669,768 | 9,194,453 | 8,734,533 | 8,593,527 | 7,585,295 | 7,755,503 |
| Public works | 4,156,445 | 4,048,196 | 3,774,761 | 3,707,364 | 3,776,856 | 3,939,646 | 3,973,204 | 3,423,977 |
| Education | 33,695,301 | 34,340,402 | 33,482,943 | 32,980,815 | 31,981,580 | 29,756,361 | 27,507,323 | 25,945,633 |
| Recreation | 529,720 | 38,334 | 45,058 | 464,342 | 448,708 | 332,377 | 357,994 | 473,132 |
| Public health and assistance | 7,434 | 590,711 | 510,567 | 39,070 | 38,849 | 38,811 | 38,712 | 38,100 |
| Community development | 28,512 | 79,929 | 104,629 | 46,617 | 50,686 | 31,182 | 123,516 | 29,835 |
| Other | - | - | 6,672,425 | 7,809,494 | 6,788,619 | 6,668,165 | 7,054,668 | 5,749,149 |
| Interest | 482,819 | 580,558 | 687,665 | 655,052 | 607,413 | 718,819 | 794,182 | 890,253 |
| Total governmental activities expenses | 59,392,318 | 61,977,546 | 59,858,369 | 58,315,568 | 54,868,998 | 52,833,823 | 49,850,899 | 46,782,615 |
| Business-type activities: | | | | | | | | |
| Sewer fund | 2,634,652 | 2,353,160 | 2,454,077 | 2,277,808 | 2,376,756 | 2,251,112 | 1,922,068 | 2,010,078 |
| Water Supply Board | 1,114,814 | 1,007,849 | 1,037,189 | 1,052,921 | 940,214 | 770,658 | 728,222 | 789,363 |
| Non-Major Funds | 2,887,689 | 2,855,100 | 2,978,442 | 2,919,757 | 2,879,294 | 2,659,385 | 2,578,945 | 2,401,438 |
| Total business-type activities expenses | 6,637,155 | 6,216,109 | 6,469,708 | 6,250,486 | 6,196,264 | 5,681,155 | 5,229,235 | 5,200,879 |
| Total primary government expenses | \$ 66,029,473 | \$ 68,193,655 | \$ 66,328,077 | \$ 64,566,054 | \$ 61,065,262 | \$ 58,514,978 | \$ 55,080,134 | \$ 51,983,494 |
| Program revenues | | | | | | | | |
| Governmental activities: | | | | | | | | |
| <i>Charges for services:</i> | | | | | | | | |
| General government | \$ 821,074 | \$ 811,901 | \$ 1,010,420 | \$ 1,371,289 | \$ 1,792,087 | \$ 1,539,128 | \$ 1,440,426 | \$ 1,510,073 |
| Public safety | 967,990 | 1,208,704 | 1,138,000 | 755,979 | 866,113 | 727,656 | 513,218 | 593,256 |
| Education | - | - | - | - | 327,020 | 350,655 | 425,814 | 430,249 |
| Other activities | 293,456 | 217,219 | 153,712 | 16,420 | 448 | 492 | - | - |
| Operating grants and contributions | 8,564,346 | 9,491,613 | 9,429,523 | 11,074,157 | 9,505,923 | 9,003,676 | 8,818,307 | 8,546,776 |
| Capital grants and contributions | 846,585 | 1,260,360 | 164,612 | - | 727,546 | 700,344 | 145,230 | 146,091 |
| Total governmental activities program revenues | 11,493,451 | 12,989,797 | 11,896,267 | 13,217,845 | 13,219,137 | 12,321,951 | 11,342,995 | 11,226,445 |
| Business-type activities: | | | | | | | | |
| <i>Charges for services:</i> | | | | | | | | |
| Sewer fund | 2,652,442 | 2,583,188 | 2,594,049 | 2,335,381 | 2,444,586 | 2,439,771 | 2,305,730 | 2,336,656 |
| Water Supply Board | 1,396,329 | 1,134,487 | 1,203,932 | 1,328,927 | 1,024,187 | 1,025,992 | 801,197 | 759,027 |
| Non-Major Funds | 1,651,247 | 1,651,349 | 1,484,425 | 1,499,239 | 1,833,318 | 1,719,335 | 1,731,322 | 1,660,854 |
| Operating grants and contributions | 30,996 | 246,309 | 3,694,645 | 361,042 | - | - | - | - |
| Total business-type activities program revenues | 5,731,014 | 5,615,333 | 8,977,051 | 5,524,589 | 5,302,091 | 5,185,098 | 4,838,249 | 4,756,537 |
| Total primary government program revenues | \$ 17,224,465 | \$ 18,605,130 | \$ 20,873,318 | \$ 18,742,434 | \$ 18,521,228 | \$ 17,507,049 | \$ 16,181,244 | \$ 15,982,982 |
| Net (Expense)/Revenue | | | | | | | | |
| Governmental activities | \$ (47,898,867) | \$ (48,987,749) | \$ (47,962,102) | \$ (45,097,723) | \$ (41,649,861) | \$ (40,511,872) | \$ (38,507,904) | \$ (35,556,170) |
| Business-type activities | (906,141) | (600,776) | 2,507,343 | (725,897) | (894,173) | (496,057) | (390,986) | (444,342) |
| Total primary government net expenses | \$ (48,805,008) | \$ (49,588,525) | \$ (45,454,759) | \$ (45,823,620) | \$ (42,544,034) | \$ (41,007,929) | \$ (38,898,890) | \$ (36,000,512) |
| General Revenues and Other Changes in Net Assets | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Property taxes and other | \$ 48,534,831 | \$ 49,509,411 | \$ 49,119,278 | \$ 45,449,278 | \$ 43,501,514 | \$ 41,549,207 | \$ 38,477,384 | \$ 38,596,955 |
| Grants and contributions | - | - | - | - | - | - | - | 3,256,500 |
| State revenue sharing | - | - | 742,742 | 1,607,243 | 1,881,701 | 1,792,773 | 1,346,867 | 1,268,058 |
| Unrestricted investment earnings | 423,200 | 503,420 | 678,890 | 547,245 | 550,834 | 402,377 | 271,356 | 181,552 |
| Other revenues | - | 188,973 | 30,383 | 32,354 | - | - | - | - |
| Transfers | 264,787 | 163,804 | 203,145 | 30,065 | (176,899) | (4,159,315) | (1,684,220) | 397,733 |
| Total general revenues | 49,222,818 | 50,365,608 | 50,774,438 | 47,666,185 | 45,757,150 | 39,585,042 | 38,411,387 | 43,700,798 |
| Business-type activities: | | | | | | | | |
| Unrestricted investment earnings | 50,778 | 150,508 | 178,221 | 274,237 | 319,140 | 263,670 | 135,374 | 75,412 |
| Transfers | (264,787) | (163,804) | (203,145) | (30,065) | 176,899 | 4,159,315 | 1,684,220 | (397,733) |
| Total business-type activities | (214,009) | (13,296) | (24,924) | 244,172 | 496,039 | 4,422,985 | 1,819,594 | (322,321) |
| Total primary government | \$ 49,008,809 | \$ 50,352,312 | \$ 50,749,514 | \$ 47,910,357 | \$ 46,253,189 | \$ 44,008,027 | \$ 40,230,981 | \$ 43,378,477 |
| Change in Net Assets | | | | | | | | |
| Governmental activities | \$ 1,323,951 | \$ 1,377,859 | \$ 2,812,336 | \$ 2,568,462 | \$ 4,107,289 | \$ (926,830) | \$ (96,517) | \$ 8,144,628 |
| Business-type activities | (1,120,150) | (614,072) | 2,482,419 | (481,725) | (398,134) | 3,926,928 | 1,428,608 | (766,663) |
| Total primary governmental | \$ 203,801 | \$ 763,787 | \$ 5,294,755 | \$ 2,086,737 | \$ 3,709,155 | \$ 3,000,098 | \$ 1,332,091 | \$ 7,377,965 |

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

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

Exhibit 3

| | Fiscal Year | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| General Fund | | | | | | | | |
| Reserved | \$ - | \$ 8,136,064 | \$ 6,710,951 | \$ 5,945,301 | \$ 5,245,410 | \$ 3,777,906 | \$ 3,219,830 | \$ 2,385,611 |
| Unreserved | | | | | | | | |
| Designated for next years budget | - | 3,826,125 | 4,510,302 | 4,887,774 | | | | |
| Unreserved | - | 3,030,955 | 3,048,528 | 3,076,940 | 7,090,793 | 6,435,803 | 4,832,027 | 5,259,494 |
| Nonspendable fund balances | 149,209 | - | - | - | - | - | - | - |
| Restricted fund balances | 225,980 | - | - | - | - | - | - | - |
| Committed fund balances | 1,350,000 | - | - | - | - | - | - | - |
| Assigned fund balances | 10,962,980 | - | - | - | - | - | - | - |
| Unassigned fund balances | 3,097,124 | - | - | - | - | - | - | - |
| Total general fund | <u>15,785,293</u> | <u>14,993,144</u> | <u>14,269,781</u> | <u>13,910,015</u> | <u>12,336,203</u> | <u>10,213,709</u> | <u>8,051,857</u> | <u>7,645,105</u> |
| All Other Governmental Funds | | | | | | | | |
| Reserved | - | 1,394,335 | 748,535 | 962,468 | 913,698 | 165,128 | 4,277,293 | 5,496,265 |
| Unreserved: | - | 1,036,371 | 1,557,054 | 616,202 | 186,796 | 57,565 | 116,001 | - |
| Unreserved, reported in: | | | | | | | | |
| Special Revenue Funds | - | 7,353,322 | 5,509,562 | 3,701,096 | 3,535,805 | 4,042,001 | 3,980,001 | 337,926 |
| Capital Projects Funds | - | (8,485,437) | (4,769,791) | (2,874,510) | (220,485) | 2,340,506 | 2,732,700 | 3,957,550 |
| Restricted fund balances | 63,576 | - | - | - | - | - | - | - |
| Unassigned fund balances reported in: | | | | | | | | |
| Special Revenue Funds | 9,151,961 | - | - | - | - | - | - | - |
| Capital Projects Funds | (4,850,363) | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | <u>4,365,174</u> | <u>1,298,591</u> | <u>3,045,360</u> | <u>2,405,256</u> | <u>4,415,814</u> | <u>6,605,200</u> | <u>11,105,995</u> | <u>9,791,741</u> |
| Total governmental funds | <u>\$ 20,150,467</u> | <u>\$ 16,291,735</u> | <u>\$ 17,315,141</u> | <u>\$ 16,315,271</u> | <u>\$ 16,752,017</u> | <u>\$ 16,818,909</u> | <u>\$19,157,852</u> | <u>\$ 17,436,846</u> |

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

Note: For 2011, the Town implemented GASB 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

Exhibit 4

| | Fiscal Year | | | | |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 |
| Revenues | | | | | |
| General property tax | \$ 48,535,833 | \$ 49,599,927 | \$ 48,402,854 | \$ 46,089,144 | \$ 43,244,359 |
| Intergovernmental | 3,476,110 | 3,047,736 | 3,076,659 | 10,754,099 | 10,647,869 |
| State aid for education | 4,735,789 | 4,635,136 | 4,832,845 | - | - |
| Federal revenue - SFSF | 174,247 | 104,661 | 373,470 | - | - |
| Licenses, fees, and permits | 804,689 | 731,581 | 714,910 | 841,184 | 1,495,146 |
| Investment Income | 423,200 | 503,420 | 678,890 | 830,690 | 550,834 |
| Departmental | 573,919 | 841,716 | 967,497 | 606,653 | 627,876 |
| Other revenues | 1,418,406 | 3,628,967 | 2,673,628 | 2,339,707 | 2,540,088 |
| Total revenues | <u>60,142,193</u> | <u>63,093,144</u> | <u>61,720,753</u> | <u>61,461,477</u> | <u>59,106,172</u> |
| Expenditures | | | | | |
| General government | 2,804,763 | 2,887,792 | 2,986,427 | 2,851,217 | 2,202,635 |
| Public safety | 9,414,729 | 9,954,701 | 9,646,412 | 9,002,213 | 7,900,652 |
| Public works | 3,041,941 | 2,781,149 | 2,970,915 | 2,931,036 | 2,853,597 |
| Education | 33,767,167 | 34,602,933 | 33,576,394 | 32,975,348 | 31,142,113 |
| Public health and assistance | 7,434 | 38,334 | 45,058 | 39,070 | 38,849 |
| Parks and recreation | 435,738 | 472,981 | 466,165 | 448,579 | 410,255 |
| Community development | 28,512 | 79,929 | 104,629 | 46,617 | 50,686 |
| Employee benefits and operating grants | 7,812,770 | 6,998,640 | 6,736,425 | 7,809,494 | 6,766,122 |
| Capital outlay | 2,645,309 | 4,301,472 | 2,853,201 | 3,424,691 | 4,686,181 |
| Debt Service - principal | 3,670,000 | 1,570,000 | 1,685,000 | 1,740,000 | 1,730,000 |
| Debt Service - interest | 519,658 | 504,275 | 662,168 | 666,491 | 687,005 |
| Debt Service - financing cost | 50,227 | 88,148 | 37,043 | - | - |
| Total expenditures | <u>64,198,248</u> | <u>64,280,354</u> | <u>61,769,837</u> | <u>61,934,756</u> | <u>58,468,095</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>(4,056,055)</u> | <u>(1,187,210)</u> | <u>(49,084)</u> | <u>(473,279)</u> | <u>638,077</u> |
| Other financing sources (uses) | | | | | |
| Issuance of debt | 7,650,000 | - | - | - | - |
| Proceeds from leasing | - | - | - | - | 71,510 |
| Transfers from General Fund - local appropriation | 27,614,432 | 27,294,293 | 26,422,217 | - | - |
| Transfers from General Fund - state aid | 4,648,478 | 4,635,136 | 4,832,809 | - | - |
| Transfers from General Fund - federal SFSF | 174,247 | 104,661 | 373,470 | - | - |
| Transfers out School Unrestricted Fund - appropriation | (27,614,432) | (27,294,293) | (26,422,217) | - | - |
| Transfers out School Unrestricted Fund - State-aid for education | (4,648,478) | (4,635,136) | (4,832,809) | - | - |
| Transfers out School Unrestricted Fund - federal SFSF | (174,247) | (104,661) | (373,470) | - | - |
| Transfers from other funds | 4,253,690 | 5,093,234 | 5,006,681 | 34,272,688 | 32,065,961 |
| Transfers to other funds | (3,988,903) | (4,929,430) | (4,803,536) | (34,236,155) | (32,201,510) |
| Total other financing sources (uses) | <u>7,914,787</u> | <u>163,804</u> | <u>203,145</u> | <u>36,533</u> | <u>(64,039)</u> |
| Net change in fund balances | <u>3,858,732</u> | <u>(1,023,406)</u> | <u>154,061</u> | <u>(436,746)</u> | <u>574,038</u> |
| Debt service as a percentage of noncapital expenditures | <u>7.40%</u> | <u>3.74%</u> | <u>4.22%</u> | <u>4.29%</u> | <u>4.71%</u> |

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

Note: Capital additions come from many functions, not just capital outlay. See page 16 for a more detailed explanation of capital expenses.

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

Exhibit 4 (Continued)

| | Fiscal Year | | | | |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|
| | 2006 | 2005 | 2004 | 2003 | 2002 |
| Revenues | | | | | |
| General property tax | \$ 40,753,963 | \$ 38,487,365 | \$ 36,132,748 | \$ 34,816,220 | \$ 31,095,444 |
| Intergovernmental | 10,507,554 | 9,447,575 | 9,187,777 | 8,504,339 | 8,563,362 |
| Licenses, fees, and permits | 1,081,003 | 1,070,424 | 1,024,119 | 702,697 | 1,116,900 |
| Investment Income | 402,377 | 271,356 | 181,552 | 126,380 | 182,991 |
| Departmental | 818,850 | 857,153 | 81,458 | 157,212 | 448,891 |
| Other revenues | 1,912,773 | 1,548,997 | 2,492,977 | 2,020,608 | 1,187,872 |
| Total revenues | <u>55,476,520</u> | <u>51,682,870</u> | <u>49,100,631</u> | <u>46,327,456</u> | <u>42,595,460</u> |
| Expenditures | | | | | |
| General Government | \$ 2,531,717 | 2,521,855 | 2,395,357 | 2,879,998 | 1,873,760 |
| Public safety | 8,119,241 | 7,324,594 | 7,518,593 | 7,145,315 | 6,509,075 |
| Public works | 3,076,619 | 2,934,086 | 3,222,301 | 2,590,970 | 2,384,253 |
| Education | 28,812,232 | 26,808,027 | 26,103,001 | 25,597,252 | 23,667,375 |
| Public Health and Assistance | 38,811 | 38,712 | 38,100 | 38,265 | 38,036 |
| Parks and recreation | 306,226 | 328,358 | 447,534 | 305,248 | 291,911 |
| Community development | 31,182 | 123,516 | 29,835 | 44,743 | - |
| Other | 6,614,323 | 7,054,668 | 5,749,149 | 7,380,494 | 4,177,707 |
| Capital outlay | 6,141,528 | 3,500,909 | 3,309,641 | 3,496,646 | 677,440 |
| Debt Service - principal | 1,985,355 | 2,028,540 | 1,657,972 | 966,836 | 971,268 |
| Debt Service - interest | 767,272 | 841,121 | 869,370 | 398,791 | 443,066 |
| Total expenditures | <u>58,424,506</u> | <u>53,504,386</u> | <u>51,340,853</u> | <u>50,844,558</u> | <u>41,033,891</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>(2,947,986)</u> | <u>(1,821,516)</u> | <u>(2,240,222)</u> | <u>(4,517,102)</u> | <u>1,561,569</u> |
| Other financing sources (uses) | | | | | |
| Issuance of debt | - | - | 8,608,466 | - | - |
| Proceeds from leasing | 335,000 | 138,000 | - | 8,008,597 | - |
| Transfers from General Fund - local appropriation | - | - | - | - | - |
| Transfers from General Fund - state aid | - | - | - | - | - |
| Transfers from General Fund - federal SFSF | - | - | - | - | - |
| Transfers out School Unrestricted Fund - appropriation | - | - | - | - | - |
| Transfers out School Unrestricted Fund - State-aid for education | - | - | - | - | - |
| Transfers out School Unrestricted Fund - federal SFSF | - | - | - | - | - |
| Transfers from other funds | 29,720,658 | 29,086,908 | 28,267,737 | 25,962,429 | 24,908,353 |
| Transfers to other funds | (29,799,222) | (29,132,386) | (27,920,004) | (26,898,984) | (25,714,278) |
| Total other financing sources (uses) | <u>256,436</u> | <u>92,522</u> | <u>8,956,199</u> | <u>7,072,042</u> | <u>(805,925)</u> |
| Net change in fund balances | <u>(2,691,550)</u> | <u>(1,728,994)</u> | <u>6,715,977</u> | <u>2,554,940</u> | <u>755,644</u> |
| Debt service as a percentage of noncapital expenditures | <u>5.56%</u> | <u>6.09%</u> | <u>5.55%</u> | <u>2.97%</u> | <u>3.63%</u> |

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

Note: Capital additions come from many functions, not just capital outlay. See page 16 for a more detailed explanation of capital expenses.

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

Exhibit 5

| Fiscal Year¹ Ended June 30 | Real Property Assessed Value | 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 |
|--|---|---|---|---|---|--|---|---|
| 2002 | 1,370,959,496 | 196,489,064 | 268,153,470 | 47,861,275 | 1,251,433,815 | 23.94 | 1,567,448,560 | 100.00% |
| 2003 | 1,530,005,176 | 250,245,447 | 375,280,448 | 48,456,363 | 1,356,513,812 | 23.46 | 1,780,250,623 | 100.00% |
| 2004 | 1,460,342,303 | 248,758,509 | 228,796,385 | 51,476,507 | 1,428,827,920 | 23.61 | 2,185,830,428 | 78.19% |
| 2005 | 2,409,081,480 | 262,685,715 | 461,433,233 | 52,464,225 | 2,157,869,737 | 16.39 | 2,803,827,469 | 95.29% |
| 2006 | 2,288,585,859 | 277,910,215 | 183,804,055 | 54,059,985 | 2,328,632,034 | 16.29 | 2,944,580,168 | 87.16% |
| 2007 | 2,313,642,249 | 292,248,770 | 184,214,089 | 75,488,537 | 2,346,188,393 | 16.99 | 3,255,329,193 | 80.05% |
| 2008 | 3,065,382,958 | 288,728,199 | 394,607,759 | 76,381,312 | 2,883,122,086 | 14.56 | 3,626,066,116 | 92.50% |
| 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% |

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

¹ Revaluations were conducted for Fiscal Years 2002, 2005, 2008 and 2011

² Includes tax-exempt property

**TOWN OF SMITHFIELD
PROPERTY TAX RATES
UNAUDITED
LAST TEN FISCAL YEARS**

Exhibit 6

| Fiscal Year | Town Operating Millage | School Operating Millage | Debt Service Millage | Total Direct Tax Rate |
|--------------------|-------------------------------|---------------------------------|-----------------------------|------------------------------|
| 2002 | 9.91 | 13.10 | 0.93 | 23.94 |
| 2003 | 10.08 | 12.54 | 0.84 | 23.46 |
| 2004 | 10.25 | 12.59 | 0.77 | 23.61 |
| 2005 | 6.92 | 8.71 | 0.75 | 16.39 |
| 2006 | 6.90 | 8.72 | 0.67 | 16.29 |
| 2007 | 7.36 | 9.00 | 0.64 | 16.99 |
| 2008 | 6.24 | 7.79 | 0.53 | 14.56 |
| 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 |

Source: Town of Smithfield, Rhode Island Finance Records

**TOWN OF SMITHFIELD
PRINCIPAL TAXPAYERS
UNAUDITED
JUNE 30, 2011**

Exhibit 7

| Taxpayer | 2011 | | | 2002 | | |
|---|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Fidelity Corporate Real Estate | \$ 172,767,650 | 1 | 6.45% | \$ 67,945,310 | 1 | 5.06% |
| W/S Smithfield Associates, LLC | 57,519,900 | 2 | 2.15 | - | | - |
| National Grid (Electricity) | 23,288,230 | 3 | 0.87 | 10,835,307 | 3 | 0.81% |
| Smithfield Office Park | 20,707,396 | 4 | 0.77 | - | | - |
| Village at Waterman Lake | 17,031,600 | 5 | 0.64 | 16,989,600 | 2 | 1.27% |
| Target Corp. | 12,030,700 | 6 | 0.45 | - | | - |
| FGX International Inc. | 12,000,889 | 7 | 0.45 | - | | - |
| Sperian Eye & Face Protection | 11,114,149 | 8 | 0.42 | - | | - |
| Cox Communications | 3,872,760 | 9 | 0.14 | - | | - |
| National Grid (Gas) | 3,662,080 | 10 | 0.14 | - | | - |
| Apple Valley Mall, LLC. | | | | 7,258,800 | 4 | 0.54% |
| Drew Realty Company, Inc | | | | 6,695,450 | 5 | 0.50% |
| Accessories Associates, Inc. | | | | 6,217,300 | 6 | 0.46% |
| RI Industrial Facilities Corporation | | | | 6,086,360 | 7 | 0.45% |
| Norman Realty Corp | | | | 5,613,500 | 8 | 0.42% |
| Providence Gas | | | | 4,442,150 | 9 | 0.33% |
| Benny's Incorporated | | | | 4,313,000 | 10 | 0.32% |
| | <u>\$ 333,995,354</u> | | <u>12.48%</u> | <u>\$ 136,396,777</u> | | <u>10.16%</u> |
| Total assessed valuation (gross) | \$ 2,677,224,923 | | | \$ 1,342,529,519 | | |

Source: Town Tax Assessor's Office

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

Exhibit 8

| <u>Fiscal Year</u> | <u>Taxes Levied for the Tax Year</u> | <u>Collection within the Fiscal Year of te Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|--------------------|--------------------------------------|---|---------------------------|--|----------------------------------|---------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2002 | 29,964,881 | 25,621,516 | 85.51 | 4,164,540 | 29,786,056 | 99.40 |
| 2003 | 31,823,783 | 27,462,597 | 86.30 | 4,092,732 | 31,555,329 | 99.16 |
| 2004 | 33,739,654 | 31,036,315 | 91.99 | 2,538,012 | 33,574,327 | 99.51 |
| 2005 | 35,369,460 | 33,142,577 | 93.70 | 2,114,981 | 35,257,558 | 99.68 |
| 2006 | 37,936,492 | 35,204,633 | 92.80 | 2,414,594 | 37,619,227 | 99.16 |
| 2007 | 39,873,408 | 35,907,818 | 90.05 | 3,857,611 | 39,765,429 | 99.73 |
| 2008 | 41,966,302 | 37,655,824 | 89.73 | 4,161,953 | 41,817,777 | 99.65 |
| 2009 | 44,064,149 | 39,986,080 | 90.75 | 3,814,707 | 43,800,787 | 99.40 |
| 2010 | 46,156,583 | 43,822,439 | 94.94 | 2,231,596 | 46,054,035 | 99.78 |
| 2011 | 48,233,107 | 43,814,774 | 90.84 | - | 43,814,774 | 90.84 |

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

Exhibit 9

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | Total Primary Government | Per Capita ¹ |
|-------------------|--------------------------|----------------------------------|----------------|--------------------------|---------------|--------------------------|-------------------------|
| | General Obligation Bonds | Lease Participation Certificates | Capital Leases | General Obligation Bonds | Notes Payable | | |
| 2001 | 9,239,971 | - | - | 205,029 | 75,000 | 9,520,000 | 456.95 |
| 2002 | 8,268,703 | - | - | 161,297 | 531,066 | 8,961,066 | 424.31 |
| 2003 | 7,301,867 | 7,350,000 | 361,425 | 118,133 | 399,096 | 15,530,521 | 726.20 |
| 2004 | 14,943,895 | 6,650,000 | 209,524 | 76,105 | 318,274 | 22,197,798 | 1,019.51 |
| 2005 | 13,585,355 | 5,980,000 | 221,458 | 34,645 | 236,890 | 20,058,348 | 922.05 |
| 2006 | 12,280,000 | 5,300,000 | 459,295 | - | 184,990 | 18,224,285 | 852.88 |
| 2007 | 11,245,000 | 4,605,000 | 420,521 | - | 132,686 | 16,403,207 | 770.86 |
| 2008 | 10,210,000 | 3,900,000 | 315,894 | - | 929,525 | 15,355,419 | 724.96 |
| 2009 | 9,250,000 | 3,175,000 | 228,558 | - | 801,000 | 13,454,558 | 634.50 |
| 2010 | 8,420,000 | 2,435,000 | 167,598 | - | 1,286,848 | 12,309,446 | 578.72 |
| 2011 ² | 13,170,000 | 1,665,000 | 103,979 | - | 1,202,357 | 16,141,336 | 753.21 |

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

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

Exhibit 10

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value¹ of Property | Per Capita² |
|--------------------|---------------------------------|---|--------------|---|-------------------------------|
| 2002 | 8,268,703 | - | 8,268,703 | 0.53% | 392 |
| 2003 | 7,301,867 | - | 7,301,867 | 0.41% | 341 |
| 2004 | 14,943,895 | - | 14,943,895 | 0.68% | 686 |
| 2005 | 13,585,355 | - | 13,585,355 | 0.48% | 624 |
| 2006 | 12,280,000 | - | 12,280,000 | 0.42% | 575 |
| 2007 | 11,245,000 | - | 11,245,000 | 0.35% | 528 |
| 2008 | 10,210,000 | - | 10,210,000 | 0.28% | 482 |
| 2009 | 9,250,000 | - | 9,250,000 | 0.26% | 436 |
| 2010 | 8,420,000 | - | 8,420,000 | 0.23% | 396 |
| 2011 ³ | 13,170,000 | - | 13,170,000 | 0.42% | 615 |

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property val

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

**TOWN OF SMITHFIELD
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2011**

Exhibit 11

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

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

Exhibit 12

Legal Debt Margin Calculation for the Fiscal Year 2011

| | |
|-------------------|---------------|
| Net Tax Levy | 2,632,679,800 |
| Debt Limit (3%) | 78,980,394 |
| | - |
| Legal debt margin | \$ 78,980,394 |

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Limit | \$ 78,980,394 | \$ 90,406,573 | \$ 87,083,852 | \$ 86,493,663 | \$ 70,385,661 | \$ 69,692,910 | \$ 64,768,128 | \$ 42,864,838 | \$ 40,199,021 | \$ 39,927,016 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | \$ 78,980,394 | \$ 90,406,573 | \$ 87,083,852 | \$ 86,493,663 | \$ 70,385,661 | \$ 69,692,910 | \$ 64,768,128 | \$ 42,864,838 | \$ 40,199,021 | \$ 39,927,016 |
| Total net debt applicable to the limit as a percentage of the debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Note: In 2005 the Town underwent a full property revaluation

In 2002, 2008 and 2011 the Town underwent a statistical revaluation.

The Town has no debt issues outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2

All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

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

Exhibit 13

| 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 |
|----------------------------------|-------------------------------|---|--------------------------------------|---|---|-------------------------------|--------------------------------------|--------------------------------------|
| 2002 | 21,119 | 66,320 | 220,000 | * | * | * | 2,687 | 4.20% |
| 2003 | 21,386 | 67,026 | 259,950 | * | * | * | 2,703 | 4.70% |
| 2004 | 21,773 | 67,646 | 309,000 | * | * | * | 2,615 | 4.70% |
| 2005 | 21,754 | 68,322 | 309,950 | * | * | * | 2,659 | 4.30% |
| 2006 | 21,368 | 66,320 | 335,000 | * | * | * | 2,625 | 4.60% |
| 2007 | 21,279 | 66,320 | 286,000 | * | * | * | 2,609 | 4.40% |
| 2008 | 21,181 | 71,803 | 242,750 | 629,139 | 29,703 | 38.7 | 2,599 | 5.50% |
| 2009 | 21,205 | * | 230,000 | * | * | * | 2,555 | 8.70% |
| 2010 | 21,270 | * | 227,000 | * | * | * | 2,504 | 11.60% |
| 2011 | 21,430 | 72,708 | 238,500 | 643,286 | 30,018 | 42.0 | 2,470 | 10.40% |

Data sources

¹ Rhode Department of Economic Development

² City-Data.com

³ Smithfield School Department

⁴ Rhode Department of Labor and Training

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

Exhibit 14

| Employer | 2011 | | | 2002 | | |
|----------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Fidelity Investments | 2,434 | 1 | 18.60% | 1,600 | 1 | 14.68% |
| Benny's Home & Auto Stores, Inc. | 623 | 2 | 4.76% | 500 | 3 | 4.59% |
| Bryant University | 575 | 3 | 4.39% | 550 | 2 | 5.05% |
| Town of Smithfield | 491 | 4 | 3.75% | 452 | 4 | 4.15% |
| Citizens Bank of RI | 400 | 5 | 3.06% | - | - | - |
| FGX International | 385 | 6 | 2.94% | 275 | 5 | 2.52% |
| Sperian Protection Americas | 340 | 7 | 2.60% | 340 | 6 | 3.12% |
| Target Stores | 300 | 8 | 2.29% | 150 | 10 | 1.38% |
| The Stop & Shop Company, Inc. | 205 | 9 | 1.57% | 225 | 8 | 2.06% |
| Village at Waterman Lake | 200 | 10 | 1.53% | 160 | 9 | 1.47% |
| The Home Depot | | | 0.00% | 250 | 7 | 2.29% |
| Total | 5,953 | | 45.50% | 4,502 | | 41.30% |

Source: Rhode Island Economic Development Corporation

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

Exhibit 15

| Function | Full-time Equivalent Employees as of June 30, | | | | | | | | | |
|---------------------------|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Government | 29 | 29 | 29 | 30 | 30 | 31 | 34 | 34 | 32 | 29 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 39 | 39 | 40 | 39 | 40 | 40 | 41 | 41 | 41 | 41 |
| Civilians | 13 | 13 | 14 | 13 | 13 | 13 | 13 | 13 | 12 | 12 |
| Fire | | | | | | | | | | |
| Firefighters and Officers | 37 | 40 | 40 | 40 | 40 | 40 | 48 | 48 | 48 | 48 |
| Civilians | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Ice Rink | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Public Works | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 16 |
| Senior Services | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Sewer | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total | 155 | 158 | 160 | 159 | 160 | 162 | 174 | 174 | 171 | 165 |

Source: Finance Department

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

Exhibit 16

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Police | | | | | | | | | | |
| Physical Arrests | 1,091 | 1,215 | 971 | 1,018 | 1,053 | 1,015 | 947 | 861 | 822 | 801 |
| Parking Violations | 149 | 302 | 275 | 286 | 203 | 291 | 454 | 261 | 164 | 156 |
| Traffic Violations | 3,837 | 4,329 | 4,637 | 4,648 | 5,662 | 4,933 | 4,432 | 4,665 | 3,859 | 3,795 |
| Fire | | | | | | | | | | |
| Total Incidents | 3,142 | 3,325 | 3,503 | 3,640 | 3,723 | 3,832 | 3,914 | 3,850 | 4,160 | 4,038 |
| Commercial Inspections | * | 190 | 182 | 163 | 150 | 152 | 173 | 204 | 157 | 175 |
| Residential Inspections | * | 384 | 416 | 414 | 340 | 304 | 313 | 305 | 178 | 227 |
| Commercial Plan Review | * | 39 | 58 | 73 | 85 | 92 | 82 | 102 | 59 | 49 |
| Residential Plan Review | * | 96 | 102 | 101 | 94 | 93 | 59 | 33 | 48 | 43 |
| Highway and Street | | | | | | | | | | |
| Street Resurfacing (miles) | 1.33 | 1.89 | 1.36 | 1.04 | 0.21 | 8.15 | 2.90 | 3.88 | 2.73 | 1.92 |
| Sanitation | | | | | | | | | | |
| Refuse Collected (tons/day) | * | * | 23.25 | 24.66 | 25.79 | 24.39 | 21.04 | 17.65 | 24.10 | 25.23 |
| Paper Recyclables Collected (tons/day) | * | * | 3.74 | 3.89 | 3.71 | 3.72 | 3.91 | 3.91 | 4.74 | 4.93 |
| Mixed Recyclables Collected (tons/day) | * | * | 2.16 | 2.18 | 2.10 | 2.26 | 2.88 | 2.47 | 3.51 | 3.63 |
| Wastewater | | | | | | | | | | |
| Average Daily Sewage Treatment (thousands of gallons) | 1,760 | 2,020 | 1,800 | 1,990 | 2,100 | 1,900 | 2,090 | 1,960 | 1,998 | 1,893 |

Sources: Various government departments

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

Exhibit 17

| Function | Fiscal Year | | | | | | | | | |
|------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | * | * | * | * | * | * | 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 |
| Culture and recreation | | | | | | | | | | |
| Parks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Skating Arenas | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Ball Diamonds | 13 | 13 | 13 | 13 | 13 | 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 government departments

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

Exhibit 18

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Expenditures ¹ | Ratio of Total Assessed to Total Estimated Actual Value |
|----------------|-----------|----------|-----------------------|--|--|
| 2002 | 971,268 | 443,066 | 1,414,334 | 42,336,464 | 3.34% |
| 2003 | 966,836 | 398,791 | 1,365,627 | 45,866,739 | 2.98% |
| 2004 | 1,657,972 | 869,370 | 2,527,342 | 48,159,938 | 5.25% |
| 2005 | 2,028,540 | 841,121 | 2,869,661 | 51,058,947 | 5.62% |
| 2006 | 1,985,355 | 767,272 | 2,752,627 | 52,474,432 | 5.25% |
| 2007 | 1,730,000 | 687,005 | 2,417,005 | 54,631,064 | 4.42% |
| 2008 | 1,740,000 | 666,491 | 2,406,491 | 57,914,632 | 4.16% |
| 2009 | 1,685,000 | 662,168 | 2,347,168 | 61,769,837 | 3.80% |
| 2010 | 1,570,000 | 504,275 | 2,074,275 | 64,280,354 | 3.23% |
| 2011 | 1,600,000 | 519,658 | 2,119,658 | 64,198,249 | 3.30% |

Notes:

¹ Includes General, Special Revenue and Capital Project Funds.

**SMITHFIELD PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
UNAUDITED
JUNE 30, 2011**

Exhibit 19

BUILDINGS

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

STUDENTS

| | Elementary | Secondary | Total |
|------|------------|-----------|-------|
| 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 |
| 2001 | 1,220 | 1,484 | 2,704 |
| 2000 | 1,254 | 1,481 | 2,735 |

| | |
|--|---------------------|
| Administrative | 15.0 |
| Certified Staff: | |
| Instructional | 158.3 |
| ESL | 0.5 |
| Special Education | 40.8 |
| Other (Librarians, Counselors, Nurses, etc.) | <u>23.0</u> |
| Total Certified Staff | 222.6 |
| Non- Certified Staff | |
| Secretary and Clerical | 21.0 |
| Building and Maintenance | 28.0 |
| Teacher Assistants | 37.0 |
| Supervisory Aides | 0.0 |
| Technicians | 2.0 |
| Bus Monitors | 0.0 |
| Attendance Officer | <u>1.0</u> |
| | 89.0 |
| Total FTE's | <u><u>326.6</u></u> |

Data collected from School Department

**TOWN OF SMITHFIELD
MISCELLANEOUS STATISTICS
UNAUDITED
JUNE 30, 2011**

Exhibit 20

| | | | |
|---------------------------|----------------------------------|---------------------------|-----|
| Founded: | 1636 | Police Protection | |
| Town Incorporation: | 1730 | Buildings: | 1 |
| | | Employees: | |
| Type of Government: | Council / appointed Town Manager | Law Enforcement | 41 |
| | | Civilian | |
| Fiscal Year begins: | July 1 | Full Time | 12 |
| | | Part Time | 6 |
| Population: | | Crossing Guard | 7 |
| | | Recreation | |
| | <u>Official US Census</u> | Parks | 8 |
| | 1950 6,690 | Playgrounds | 5 |
| | 1960 9,442 | Ball Diamonds | 14 |
| | 1970 13,468 | Soccer/Football Fields | 6 |
| | 1980 16,886 | Volleyball Courts | 0 |
| | 1990 19,163 | Skating Arenas | 1 |
| | 2000 20,613 | Basketball Courts | 8 |
| | 2010 21,430 | Walking Paths | 7 |
| Area of Town: | 27.8 square miles | Running Tracks | 1 |
| Land Area: | 26.7 square miles | Tennis Courts | 7 |
| | | Historical Cemeteries | 116 |
| Miles of Streets | | Municipal Buildings: | |
| Local Paved | 140 | Town Hall | 1 |
| State Paved | 40 | Senior Center | 1 |
| Private Paved | 2.5 | Public Works Garage | 1 |
| | | Parks & Recreation | 2 |
| Elections - November 2010 | | Other Municipal Employee: | 59 |
| Registered Voters | 14,847 | | |
| Number of Votes Cast | 8,273 | | |
| Percentage Voting | 55.72% | | |
| Fire Protection | | | |
| # Fire Stations: | 3 | | |
| Employees : | | | |
| Uniformed | 48 | | |
| Civilian(s) | 5 | | |
| Library | | | |
| Full Time Employees | 9 | | |
| Part Time Employees | 35 | | |

Data collected from various Town departments

TOWN OF SMITHFIELD, RHODE ISLAND

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island (Town) as of and for the year fiscal ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

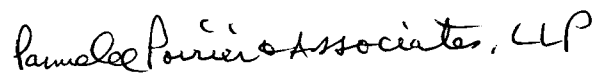
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies,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

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

Compliance and Other Matter

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

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


Parmelee, Poirier & Associates, LLP
December 4, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the Town of Smithfield, Rhode Island's (Town), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

Parmelee Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
December 4, 2011

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

| | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|--|------------------------------------|--|----------------------------|
| U.S. Department of Agriculture | | | |
| Passed through the State of Rhode Island Department of Education | | | |
| <i>Child Nutrition Cluster:</i> | | | |
| National School Breakfast Program | 10.553 | N/A | \$ 146,345 |
| National School Lunch Program | 10.555 | N/A | 15,868 |
| Food Donation (Note 4) | 10.550 | N/A | 7,405 |
| Total U.S. Department of Agriculture | | | <u>\$ 169,618</u> |
| U.S. Department of Housing and Urban Development | | | |
| Passed through the State of Rhode Island Office of Housing and Community Development | | | |
| Community Development Block Grant/States Program | 14.228 | Various | \$ 16,662 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 16,662</u> |
| U.S. Department of Justice | | | |
| Passed through the State of Rhode Island Department of Justice | | | |
| Bullet Proof Vest Partnership Program | 16.607 | BUBX08043723 | \$ 6,785 |
| Enforcing Underage Drinking Laws Program | 16.727 | N/A | 3,907 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 09-130-JAG | 17,443 |
| Total U.S. Department of Justice | | | <u>\$ 28,135</u> |
| U.S. Department of Transportation | | | |
| Passed-through the State of Rhode Island Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | TEA2-013 | \$ 244,925 |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants | 20.601 | Various | 19,611 |
| Occupant Protection Incentive Grants | 20.602 | 405-OP-CIOT | 1,678 |
| NHTSA Discretionary Safety Grants | 20.614 | NHTSA 1906 | 22,204 |
| Total U.S. Department of Transportation | | | <u>\$ 288,418</u> |
| Environmental Protection Agency | | | |
| Passed-through the State of Rhode Island Department of Environmental Management | | | |
| National Clean Diesel Emissions Reduction Program | 66.039 | 96101701 | \$ 153,750 |
| Nonpoint Source Implementation Grants | 66.460 | 02-Water(NPS)-22 | 78,532 |
| Total U.S. Environmental Protection Agency | | | <u>\$ 232,282</u> |
| U.S. Department of Education | | | |
| Passed-through the State of Rhode Island Department of Education | | | |
| Title I Grants to Local Education Agencies | 84.010A | 2725-11702-101 | \$ 125,134 |
| <i>Special Education Cluster:</i> | | | |
| Special Education - Grants to States | 84.027A | 2725-13202-101 | 635,014 |
| Special Education - Preschool Grants | 84.173A | 2725-13502-101 | 21,076 |
| ARRA - Special Education - Grants to States | 84.391 | 4572-10202-101 | 190,495 |
| ARRA - Special Education - Preschool Grants | 84.392 | 4572-10802-101 | 7,233 |
| Improving Teacher Quality State Grants | 84.367A | 2725-16402-101 | 119,137 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants | 84.394 | 4572-10502-101 | 239,063 |
| Passed-through the State of Rhode Island Department of Education and the Davies Career and Technical Center | | | |
| Career and Technical Education - Basic Grants to States | 84.048A | 2725-15302-101 | 94,367 |
| Passed-through the State of Rhode Island Department of Education and the North Providence, RI School Department | | | |
| English Language Acquisition Grants | 84.365A | 2725-16502-101 | 1,221 |
| Total U.S. Department of Education | | | <u>\$ 1,432,740</u> |
| Total Federal Expenditures | | | <u><u>\$ 2,167,855</u></u> |

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

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

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

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

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

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

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

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|-----------------------|---|
| | <i>Special Education Cluster</i> |
| 84.027A | Special Education – Grants to States |
| 84.173A | Special Education – Preschool Grants |
| 84.391 | ARRA - Special Education – Grants to States |
| 84.392 | ARRA - Special Education – Preschool Grants |
| 20.205 | Highway Planning and Construction |

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

Auditee qualified as low risk auditee? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

 yes X none

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

 yes X none

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(Continued)

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

A. Significant Deficiency in Internal Control

None Reported.

B. Compliance

None Reported.

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported.

B. Questioned Costs

None Reported.

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF SMITHFIELD, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Smithfield, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Smithfield, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2011, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

| <u>CFDA #</u> | <u>Program Name</u> |
|---------------|---|
| | <i>Special Education Cluster</i> |
| 84.027A | Special Education – Grants to States |
| 84.173A | Special Education – Preschool Grants |
| 84.391 | ARRA - Special Education – Grants to States |
| 84.392 | ARRA - Special Education – Preschool Grants |
| 20.205 | Highway Planning and Construction |

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$7,405 represents the market value of such commodities used during the period.