

# TOWN OF SMITHFIELD RHODE ISLAND

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017



**Dennis G. Finlay**  
Town Manager

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

**Prepared by: Finance Department**

# TOWN OF SMITHFIELD

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  - ORGANIZATION CHART
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**TOWN OF SMITHFIELD, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2017**

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# Town of Smithfield

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

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

December 29, 2017

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Smithfield, for the fiscal year ended June 30, 2017. The report includes the independent auditor's report as required by Rhode Island Statutes. The report is prepared in conformity with general accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

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

Robert J. Civetti, CPA, LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Rhode Island, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Smithfield, Rhode Island for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Smithfield's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **GOVERNMENT PROFILE**

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

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

## **GENERAL**

Except as provided below, under Rhode Island law the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$82,478,910 based on net assessed valuations of \$2,749,296,994 as December 31, 2015. As of June 30, 2017, the Town has \$162,000 of outstanding debt under the 3% debt limit provision; all other outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town Electorate.

## **STATE SCHOOL AID**

Pursuant to Rhode Island General Laws Sections 16-7-15 et seq., as amended, the State provides school operations aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative



equalized evaluation of property and median family income of a community relative to the State as a whole. The Town's School Department received \$5,887,100 in direct State aid for the fiscal year ended June 30, 2017. The Town budgeted \$6,207,913 in direct State aid for fiscal year ending June 30, 2018.

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, 2017, the Town received \$517,711 in such construction aid and the Town budgeted \$200,000 for fiscal year ending June 30, 2018.

**EDUCATION**

A five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms directs the general administration of the Smithfield School System. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenues to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System (Unrestricted Fund) for the fiscal year ended June 30, 2017 was \$36,214,686 (excluding the State on-behalf pension contribution). The School Department budget for fiscal year ending June 30, 2018 is \$38,268,535. The cost per student is \$15,120 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

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

<u>FISCAL YEAR ENDING</u>	<u>ENROLLMENT</u>
2008	2,599
2009	2,555
2010	2,504
2011	2,470
2012	2,407
2013	2,410
2014	2,367
2015	2,382
2016	2,387
2017	2,395

**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	4,820	5,539
Commercial	344	2,639
Industrial	24	437
Total	<u>5,188</u>	<u>8,615</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, 2017 residential users were charged a flat rate of \$330 for the year.

In fiscal year ended June 30, 2013, the Town contracted with the firm, Veolia Water North America to operate the Town's wastewater treatment facility over the next ten years. There are approximately \$7.4 million dollars in capital improvements that were recently performed at the sewer plant which were financed through the Rhode Island Infrastructure Bank.

## SANITATION

Weekly rubbish and garbage collection is provided by the Town through the use of private contractors. For the fiscal year ended June 30, 2017, the Public Works Department expended \$1,000,971 for these services. For the fiscal year ending June 30, 2018 the approved budget is \$992,000.

## PUBLIC WORKS

The Town of Smithfield's Department of Public Works provides a full range of services including street construction and maintenance, snow removal and maintenance of Town facilities. Total expenditures for the fiscal year ended June 30, 2017 totaled \$2,733,130 (including \$16,506 of capital outlays) and budgeted \$3,767,163 for fiscal year ending June 30, 2017.

## PUBLIC SAFETY

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

The Police Department consists of 42 full-time police officers and 1 auxiliary officer. In addition, there are 12 civilian full-time and 6 civilian part-time employees of support personnel including dispatchers. The Police Department expended \$4,964,259 (including \$54,594 of capital outlays) for fiscal year ended June 30, 2016 and budgeted \$9,145,397 for fiscal year ending June 30, 2018.

The Fire Department has 3 fire stations staffed by 52 full-time fire fighters and support personnel of 6 full-time employees. The Fire Department expended \$5,736,338 (including \$170,584 of capital outlays) for fiscal year ended June 30, 2017 and budgeted \$7,996,476 for fiscal year ending June 30, 2018.

**PUBLIC LIBRARIES**

There are two public libraries in Town, the Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2017 the combined allocation from the Town was \$1,321,571 and budgeted \$1,374,433 for the fiscal year ending June 30, 2018.

**EMPLOYEE RELATIONS**

The Town of Smithfield currently employs 172 full-time employees exclusive of those employed by the School Department. The School Department employs 225.9 certified employees and 103.5 full-time and part-time non-certified employees.

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

Police Department	3 year contract expires June 30, 2019
Fire Department	3 year contract expires June 30, 2019
Police Civilian Employees	3 year contract expired June 30, 2020
Public Works Employees	3 year contract expired June 30, 2020
Town Hall Employees	3 year contract expired June 30, 2020
Teachers	3 year contract expires August 31, 2020
Custodians	3 year contract expires June 30, 2019
Teacher Para-Professionals & Clerical Employees	3 year contract expires June 30, 2018

**DEBT ADMINISTRATION**

The ratio of net bonded debt to net assessed valuation and the amount of bonded debt per capita are useful indicators of the Town’s debt position to municipal management, citizens and investors. This data for the Town at June 30, 2017 is as follows:

	RATIO OF NET BONDED DEBT TO NET ASSESSED VALUE	DEBT PER CAPITA
	AMOUNT	
Net Bonded Debt	\$22,972,000	0.84%
		\$1,055.02

The Town's bond ratings as of June 30, 2017 are as follows:

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

## **LONG-TERM FINANCIAL PLANNING**

The Town Council has continued to support Capital Improvements and Projects. The fiscal year 2018 budget includes an appropriation of \$1,496,745 for the following projects: various town building improvements, equipment replacement, police vehicles, information technology, school department capital, and bridge and culvert improvements. The Town uses a combination of capital reserve funds, police and fire capital funds, and tax dollars to fund these capital improvements.

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Smithfield for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the Comprehensive Annual Financial Report and its timely issuance is the result of the efforts and dedication of the competent staff of the Department of Finance. I would like to acknowledge the special efforts of the Town Controller, my staff and other personnel from various departments who assisted in its preparation. Also, I would like to thank the Financial Review Commission and the Town Council for their interest and support in planning and conducting the financial operation of the Town in a dedicated and responsible manner.

Respectfully Submitted,

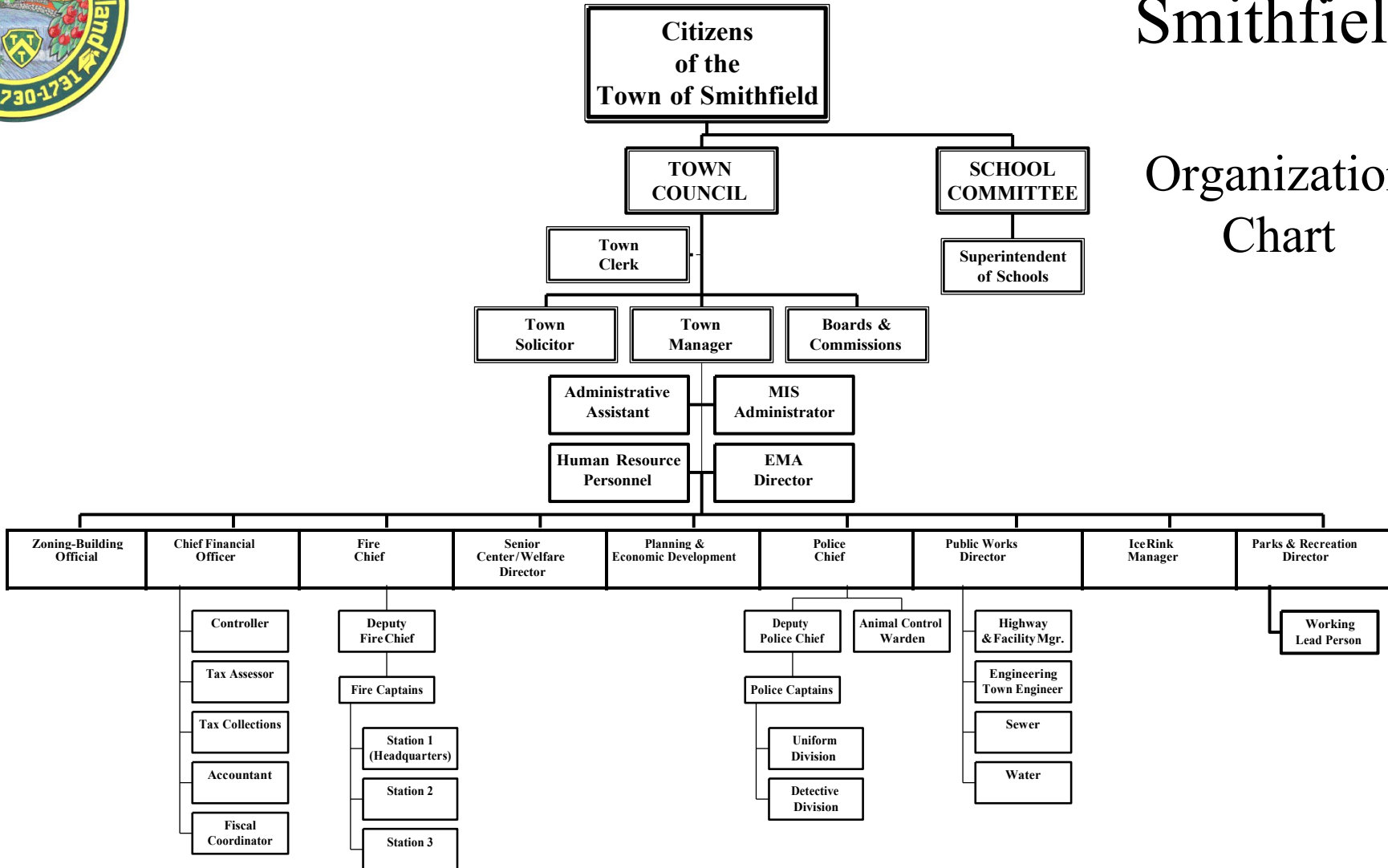
A handwritten signature in black ink, appearing to read "R. R. Rossi". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

Randy R. Rossi  
Town Manager/Finance Director



# Town of Smithfield

## Organization Chart



**TOWN OF SMITHFIELD, RHODE ISLAND**

June 30, 2017

**TOWN COUNCIL**

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

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

**TOWN MANAGER**

Dennis G. Finlay, MBA, CGFM

**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	Robert W. Seltzer
Human Resources / Personnel	Susan M. Pilkington
Library Director (East Smithfield)	Elodie E. Blackmore
Library Director (Greenville)	Dorothy Swain
Planning and Economic Development Director	Michael A. Phillips
Police Chief	Richard P. St. Sauveur
Public Works Director / Water Superintendent	Charles Walsh (acting)
Ice Rink Director	Thomas J. Tullie
Parks and Recreation Director	Robert Caine
School Superintendent	Robert O'Brien
Senior Center / Human Services Director	Karen L. Armstrong
Tax Assessor	Drew Manlove
Town Clerk	Carol A. Aquilante
Town Solicitor	Edmund L. Alves, Jr., Esq.



Government Finance Officers Association

**Certificate of  
Achievement  
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**Town of Smithfield  
Rhode Island**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



# TOWN OF SMITHFIELD

## FINANCIAL SECTION

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

**INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Smithfield, Rhode Island

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As described in Note 1 to the financial statements, in fiscal 2017, the Town of Smithfield, Rhode Island adopted new accounting guidance, GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

As described in Note 17, the implementation of GASB Statement 75 resulted in the restatement of the net position of the Governmental Activities in the Government-wide Statements as of June 30, 2016. The net position was restated to include the net OPEB Liability at the beginning of the fiscal year. The net position as of June 30, 2016 was decreased by \$33,541,388 as a result of the implementation of GASB Statement 75.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the required schedules related to pension and OPEB plans, on Pages 4 through 17, Pages 93 through 98, and Pages 99 through 118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

## **Other Matters (Continued)**

### *Other Information (Continued)*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Town of Smithfield, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Smithfield, Rhode Island's internal control over financial reporting and compliance.

### **Prior Year Comparative Information**

The financial statements include partial prior-year comparative information for the proprietary funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of Smithfield, Rhode Island's financial statements for the year ended June 30, 2016, from which the partial information was derived.

*Robert J. Civetti, CPA, LLC*

Johnston, Rhode Island  
December 29, 2017

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

As management of the Town of Smithfield, we offer readers of the Town of Smithfield's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

**Financial Highlights**

- ❖ The liabilities and deferred inflow of resources for the Town of Smithfield exceeded its assets and deferred outflow of resources at the close of the fiscal year ended June 30, 2017 by \$35,242,506 (net position). The decrease is primarily the result of the recognition of pension and other postemployment benefit obligations.
- ❖ The government's total net position decreased by (\$2,555,668). The decrease is primarily attributable to the recognition of Pension and OPEB expense related to the requirements of GASB Statements #68 and #75, respectively. Also depreciation expense included in the governmental activities in the statement of activities totaled \$2,332,593.
- ❖ As of the close of the fiscal year, the Town of Smithfield's governmental funds reported combined ending fund balances of \$26,308,556. Approximately 15.1% of this amount, \$3,974,671 is unassigned and available for use at the government's discretion.
- ❖ The remaining fund balance of \$22,333,885 includes \$1,530,373 in non-spendable funds, \$1,245,295 in restricted funds, \$17,135,401 in committed funds, and \$2,422,816 in assigned funds.
- ❖ At the end of the current fiscal year, the General Funds unassigned fund balance was \$4,526,549, or 14.6% 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 \$40,133.

**New Significant Account Standards**

For the fiscal year ended June 30, 2017, the Town adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that impact the reporting and disclosure requirements related to Postemployment Benefit Plans Other Than Pension Plans (OPEB).

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

Implementation of the above noted GASB Statements resulted in the restatement of the net position as of June 30, 2016 to reflect the cumulative effect resulting from this new reporting requirement. The net position of the Governmental Activities at June 30, 2016 was decreased by \$33,541,388. The decrease in net position consisted of recording the net OPEB liability at June 30, 2016 totaling \$39,943,000 and removing the net OPEB Obligation of \$6,401,612 which was recorded in accordance with prior GASB Statements. The details of the restatement resulting from the implementation of GASB Statements No. 74 and 75 can be found in Note 17 to the financial statements.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Overview of the Financial Statements**

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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Smithfield, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, public health and assistance, public libraries, education, recreation and senior activities, and interest on long-term debt. The business-type activities of the Town include the Sewer Authority, Water Supply Board, Ice Rink, and School Lunch Program.

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

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

**Governmental Funds** - Governmental funds (Pages 20-23) are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Smithfield Sewer Authority, Smithfield Water Supply Board, Smithfield Ice Rink, and School Lunch Fund.

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

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

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

**Notes to Financial Statements** -The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on Pages 30 through 92.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the Town of Smithfield's operations. Required Supplementary information is presented on Pages 93 through 118.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are presented on Pages 119 through 133.

**Government-wide Financial Analysis**

As noted earlier, over time net position may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town of Smithfield, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$35,242,506 as of June 30, 2017, an overall decrease of \$2,555,668.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**NET POSITION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 30,331,507	\$ 31,679,471	\$ 7,110,761	\$ 7,609,141	\$ 37,442,268	\$ 39,288,612
Capital assets, net of accumulated depreciation	52,021,950	46,139,187	21,064,970	21,465,859	73,086,920	67,605,046
<b>Total Assets</b>	<u>82,353,457</u>	<u>77,818,658</u>	<u>28,175,731</u>	<u>29,075,000</u>	<u>110,529,188</u>	<u>106,893,658</u>
Deferred outflows of resources	15,849,375	12,225,295	-	-	15,849,375	12,225,295
Current liabilities	5,500,994	6,636,519	797,437	1,033,023	6,298,431	7,669,542
Long-term liabilities Outstanding	135,040,172	97,901,664	6,988,750	7,501,496	142,028,922	105,403,160
<b>Total Liabilities</b>	<u>140,541,166</u>	<u>104,538,183</u>	<u>7,786,187</u>	<u>8,534,519</u>	<u>148,327,353</u>	<u>113,072,702</u>
Deferred inflows of resources	13,293,716	5,191,701	-	-	13,293,716	5,191,701
<b>Net Position</b>						
Net Investment in Capital Assets	25,498,777	27,598,356	14,238,797	13,983,221	39,737,574	41,581,577
Unrestricted	<u>(81,130,827)</u>	<u>(47,284,287)</u>	<u>6,150,747</u>	<u>6,557,260</u>	<u>(74,980,080)</u>	<u>(40,727,027)</u>
<b>Total Net Position</b>	<u>\$ (55,632,050)</u>	<u>\$ (19,685,931)</u>	<u>\$ 20,389,544</u>	<u>\$ 20,540,481</u>	<u>\$ (35,242,506)</u>	<u>\$ 854,550</u>

By far the largest portion of the Town's net position \$39,737,574 reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire these assets that are still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net position of (\$74,980,080), a decrease of 84.1% from the prior year, is the change in resources available to fund Town programs to residents and debt obligations to creditors. The negative unrestricted net position is primarily the result of the Town's unfunded pension and OPEB liabilities. The significant decrease in unrestricted net position from fiscal 2016 was the result of implementation of GASB Statement 75 related to OPEB.

The Town's net position decreased by (\$2,555,668) during the current fiscal year. The decrease is primarily attributable to the increase in net OPEB and pension liabilities which increased the amount of OPEB and pension expenses for fiscal 2017. The decrease in net position for fiscal 2017 was comprised of a decrease in governmental activities for (\$2,404,731) and a decrease in business-type activities totaling (\$150,937).



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Normal Impacts**

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

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

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

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

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

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

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

**Governmental Activities – Statements of Net Position**

The category of “Current and Other Assets” was \$34,013,794 at June 30, 2017. This category consisted primarily of “Cash and cash equivalents” of \$20,783,493, “Accounts receivable” of \$2,656,839, which is made up of “Tax receivable” of \$2,272,766 and “Other receivables” of \$384,073, and “Net Pension Asset” of \$3,682,287. “Cash on deposit with funding agency” of \$819,126, which are School Improvement Bond Funds that are being held by the funding agency, “Investments” of \$4,805,255, and “Due from federal and state governments” of \$507,011.

“Deferred Outflow of Resources” was \$15,849,375 at June 30, 2017 and was comprised of \$15,767,321 of “Deferred outflows related to pension plan obligations” and \$82,054 from deferred charge for refunding.

The long-term liabilities outstanding at fiscal year-end were \$135,040,172, composed primarily of \$69,473,732 in Net Pension Liability, \$39,197,000 in post-retirement benefit obligations, \$22,075,012 in general obligation bonds and leases payable (used to fund various capital projects such as school construction and improvements, road improvements, and land trust purchases), and \$4,294,428 in compensated absences.

“Deferred Inflow of Resources” of \$13,293,716 related to pension plan and OPEB plan.

Total net position at June 30, 2017 was (\$55,632,050) and was comprised of unrestricted of (\$81,130,827) and “Net Investments in Capital Assets” of \$25,498,777.

**Business-Type Activities – Statements of Net Position**

For business-type activities, such as the Sewer Enterprise Fund, “Current and Other Assets” of \$7,485,078 consisted primarily of \$6,431,682 in “Cash and cash equivalents” which was available to support the current operations of the Enterprise Funds, “Restricted cash” of \$579,895, “Accounts receivable” of \$635,028, “Assessment fees” of \$374,317, and “Internal balances” of (\$569,864).

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

Long-term liabilities of \$6,988,750 were comprised primarily of \$6,571,301 of "General obligation bonds and other debt, net", which represents the non-current portion of long-term liabilities, primarily general obligation bonds used of finance capital operations of the Sewer Plan as well as SRF (state revolving fund) loans from the Rhode Island Infrastructure Bank and \$332,591 of "Unearned revenue, assessments, and fees".

Current liabilities of \$797,437 consisted primarily of \$221,115 of "Accounts payable and accrued expenses" and \$460,450 of "Current portion of bonds and other debt obligations".

The total net position for the Business-type Activities as of June 30, 2017 was \$20,389,544. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$14,238,797 and \$6,150,747 was designated "Unrestricted".

**Changes in Net Position**

**Governmental Activities** - Net position for governmental activities decreased by (\$2,404,731) for the current period, which is an overall decrease of (4.5%).

Charges for services increased by \$649,526 (19.76 percent) primarily because of program revenues that the Fire Rescue Services and Fire Plan Review recognized during the fiscal year. Property taxes increased by \$1,011,387 (1.8 percent) during the fiscal which was the product of additional taxable value generated throughout town and continued collection efforts for both current and delinquent taxes. Operating grants and contributions recognized a decrease of (\$457,456).

The net change in fund balance for the fiscal year ended June 30, 2017 was an increase of \$3,338,333 for the Town's governmental fund types. The increase in fund balance was due mainly to the issuance of bonds for the Police Station Expansion and Renovation Project.

There are various other items which are reconciliations between the Statement of Activities and the Schedule of Revenues, Expenditures and Changes in Fund Balances, all of which can be seen on Page 23.

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

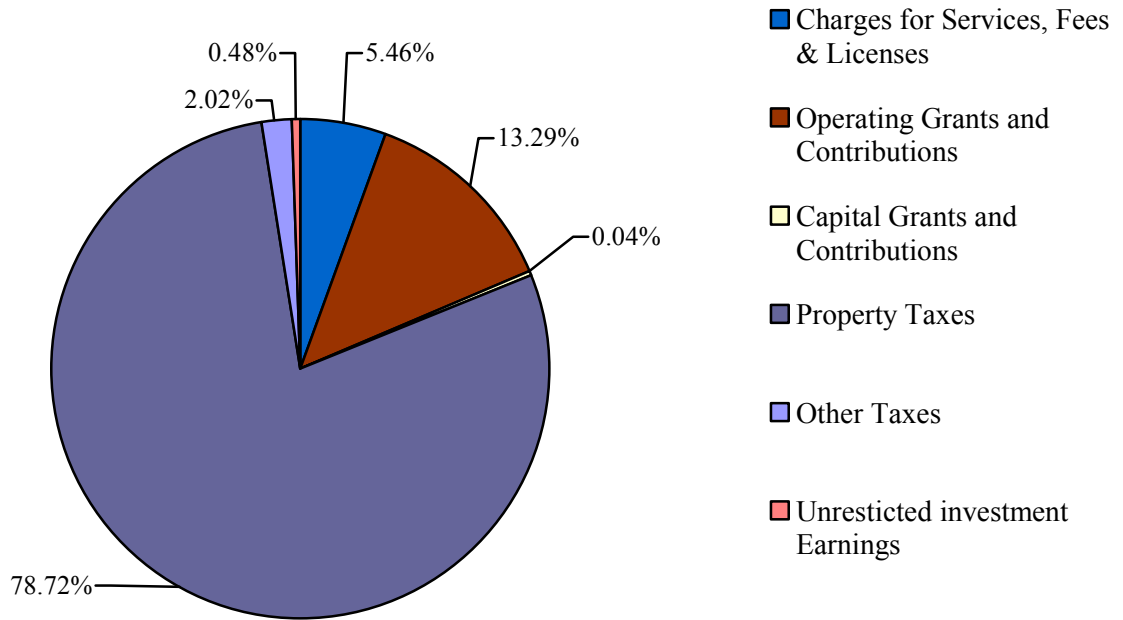
**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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

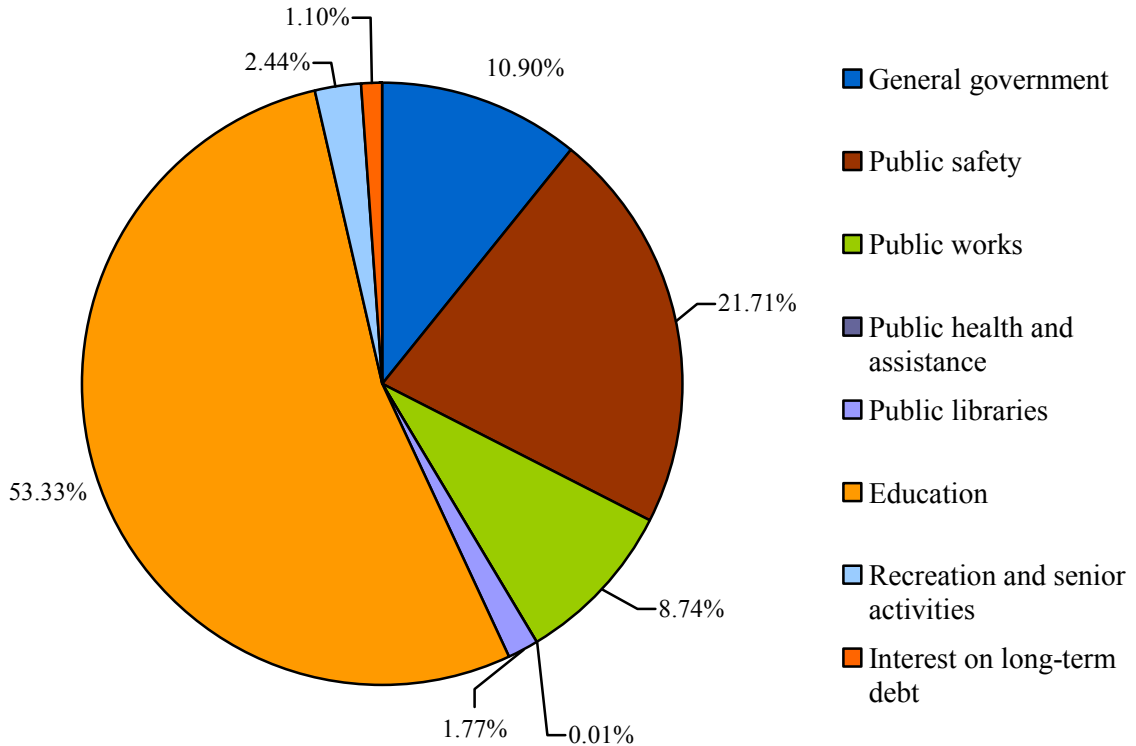
	Governmental Activities			Business-Type Activities		
	2017	2016	Change	2017	2016	Change
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 3,936,506	\$ 3,286,980	\$ 649,526	\$ 5,705,061	\$ 5,659,267	\$ 45,794
Operating grants and contributions	9,587,133	10,044,589	(457,456)	176,704	183,314	(6,610)
Capital grants and contributions	26,079	56,487	(30,408)	-	-	-
General revenues						
Property taxes	56,793,959	55,782,572	1,011,387	-	-	-
Unrestricted investment earnings	346,587	467,318	(120,731)	35,231	31,288	3,943
Miscellaneous	1,458,474	1,385,270	73,204	-	-	-
<b>Total Revenues</b>	<u>72,148,738</u>	<u>71,023,216</u>	<u>1,125,522</u>	<u>5,916,996</u>	<u>5,873,869</u>	<u>43,127</u>
<b>Expenses</b>						
General government	8,144,022	6,093,690	2,050,332	-	-	-
Public safety	16,214,772	16,897,957	(683,185)	-	-	-
Public works	6,530,032	6,683,729	(153,697)	-	-	-
Education	39,839,753	40,028,913	(189,160)	-	-	-
Recreation and senior activities	1,822,960	1,510,668	312,293	-	-	-
Public health & assistance	5,938	7,938	(2,000)	-	-	-
Community development	-	-	-	-	-	-
Public libraries	1,321,571	1,283,079	38,492	-	-	-
Interest on long-term debt	824,421	587,477	236,945	-	-	-
Sewer Authority	-	-	-	3,261,790	2,835,209	426,581
Water Supply Board	-	-	-	1,430,372	1,281,454	148,918
Smithfield Ice Rink	-	-	-	716,387	709,963	6,424
School Lunch Program	-	-	-	509,384	514,881	(5,497)
<b>Total Expenses</b>	<u>74,703,469</u>	<u>73,093,450</u>	<u>1,610,019</u>	<u>5,917,933</u>	<u>5,341,507</u>	<u>576,426</u>
Increase (Decrease) in Net Position before transfers	(2,554,731)	(2,070,234)	(484,497)	(937)	532,362	(533,299)
Transfers	150,000	500,000	(350,000)	(150,000)	(500,000)	350,000
<b>Increase (Decrease) in Net Position</b>	<u>(2,404,731)</u>	<u>(1,570,234)</u>	<u>(834,497)</u>	<u>(150,937)</u>	<u>32,362</u>	<u>(183,299)</u>
<b>Net Position - beginning</b>	<u>(53,227,319)</u>	<u>(18,115,697)</u>	<u>(35,111,622)</u>	<u>20,540,481</u>	<u>20,508,119</u>	<u>32,362</u>
<b>Cumulative effect to implement GASB 75</b>	-	(33,541,388)	33,541,388	-	-	-
<b>Net Position - ending</b>	<u>\$ (55,632,050)</u>	<u>\$ (53,227,319)</u>	<u>\$ (2,404,731)</u>	<u>\$ 20,389,544</u>	<u>\$ 20,540,481</u>	<u>\$ (150,937)</u>

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Revenue by Source - Governmental Activities**



**Expenses by Function - Governmental Activities**



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
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Education expenses account for approximately 53.33 percent of the total expenses within the governmental funds of the Town of Smithfield. Public safety and General government expenses account for approximately 21.71 percent and 10.90 percent, respectively of the total expenses for the 2017 fiscal year. Major expense factors include:

- Governmental activities expenses increased by \$1,610,019 from \$73,093,450 to \$74,703,469. The increase was largely generated from an increase in General government expenditures of \$2,050,332 due to an increase in capital projects that exceeded the depreciation expense for the current period. While Recreation and Senior Activities recognized an increase of \$312,293.
- Public Safety saw a decrease in expenditures by (\$683,185) from \$16,897,957 to \$16,897,957 due to a reduction operating costs and overall conservative spending during the fiscal year
- Interest of long term debt increased by \$236,945 because of the first interest payment that was paid during the fiscal year on new debt that was issued.

**Business-type Activities** – Net position in business-type activities decreased by (\$150,937) resulting in a .73% decrease in business-type net position.

Charges for services for business-type activities accounted for 96.42% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions of 2.99%, and investment earnings of 0.60%.

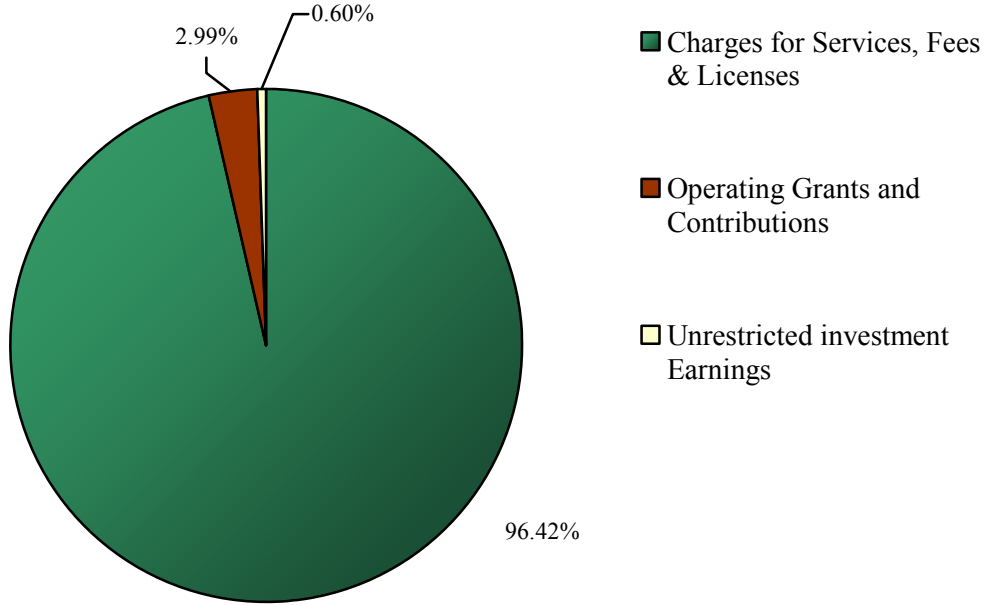
Sewer authority expenses account for approximately 55.12% of the total expenditures within the business-type activities of the Town. Water Supply Board, Ice Rink, and School Lunch Program expenses account for approximately 24.17%, 12.11%, and 8.61%, respectively of the total business-type activities expenditures for the 2017 fiscal year.

Charges for service for business-type activities increased by \$45,794 from \$5,659,267 to \$5,705,061. The Sewer Authority fund had an increase of \$58,928. Charges for services in the Water Supply Board fund and the School Lunch Programs fund increased by \$24,938 and \$6,348 respectively. The Ice Rink recognized a decrease of (\$44,220) which was due primarily to a decrease in rental rates for the high school teams. Unrestricted investment earnings increased from \$31,288 to \$35,231 for all business-type activities. The slight increase in interest earned on investments was due to new investment opportunities and interest rates starting to climb during the fiscal year.

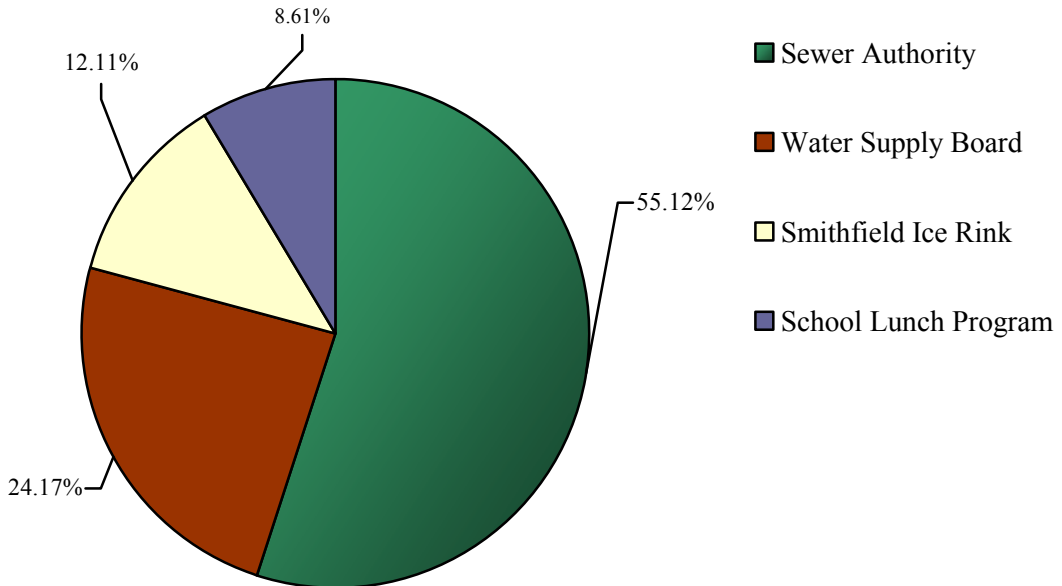
Expenses in the Sewer Authority fund increased by \$426,581 as of result an increase in depreciation and amortization that were recognized during the fiscal year. Water Supply expenses increased by \$148,918 during the fiscal year due primarily to increases in operations costs, while the Ice Rink fund experienced a slight increase of \$6,426 over the prior year. The School Lunch Program fund recognized a decrease in expenditures of (\$5,497) due to a reduction in the cafeteria operating costs.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
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**Revenue by Source - Business-type Activities**



**Expenses by Function - Business-type Activities**



**TOWN OF SMITHFIELD, RHODE ISLAND**  
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**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 \$26,308,556. Approximately 15% of the total amount, or \$3,974,671 constituted unassigned fund balances. The remainder of the fund balance is non-spendable, restricted, committed or assigned for future commitments or designated for specific purposes. The fund balance in the General Fund increased due to a positive variance of revenues in excess of expenditures of \$40,133. While the fund balance in the School Unrestricted Fund increased by \$736,868 due to various cost saving measures and lower than anticipate special education expenses.

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

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

Unrestricted net position in the Sewer Authority at the end of the fiscal year amount to \$4,103,395, an increase of \$12,989. Unrestricted net position in the Water Supply increased by \$193,070 for a total of \$1,371,188. The Ice Rink finished the year with an unrestricted net position of \$560,543, which was a decrease in value of \$60,012. The School Lunch Program recognized an increase in unrestricted net position by \$26,932.

**General Fund Budgetary Highlights**

For the year ended June 30, 2017, the General Fund revenues and transfers were under budget projections by \$236,749, or 0.32%. General Fund expenditures were under budget by \$1,021,189, or 1.39%. This resulted in a \$784,440 budgetary surplus in the General Fund for the year ended June 30, 2017. See details on Pages 93 through 96.

**Revenues:**

Intergovernmental revenues - were over budget by \$425,363 due to conservative budgeting for state aid revenues based on the Governor's Budget.

License, fees and permits - were over budget by \$324,211 due to an unanticipated increase in the quantity building permit fees and recording fees collected.

Interest Income revenues – were over budget by \$41,035 due to increased delinquent tax collections which offset lower investment returns than expected.

Other funding sources - were under budget by \$1,360,406 due to the availability of other revenue sources and the lack of need to transfer amounts from other funds.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Expenditures:**

Public Safety - was over budget by \$77,728 due to overtime costs for covering long-term vacancies.

Public Works – was under budget by \$98,705 due to a favorable snow season and unfilled positions in the department.

Town Miscellaneous - was under budget by \$45,046 due to saving in health and dental benefit costs during the fiscal year.

Municipal Capital Improvements – was under budget by \$521,896 due to time constraints in being able to complete projects during the fiscal year and the need for large scale projects to be completed over multiple fiscal years.

**The Town of Smithfield's Capital Assets**

The Town of Smithfield's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounts to \$69,030,316 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$15,488,672	\$15,488,672	\$ 270,688	\$ 270,688	\$15,759,360	\$15,759,360
Construction in progress	6,375,400	7,603,829	560,536	588,438	6,935,936	8,192,267
Land improvements	-	-	2,188	2,363	2,188	2,363
Buildings and improvements	15,734,934	12,897,113	7,746,967	8,080,644	23,481,901	20,977,757
Equipment	1,336,053	967,844	5,144,156	5,329,151	6,480,209	6,296,995
Vehicles	1,138,059	1,519,480	6,946,689	26,715	8,084,748	1,546,195
Infrastructure	8,266,545	7,662,249	19,429	7,167,861	8,285,974	14,830,110
<b>Total</b>	<b>\$48,339,663</b>	<b>\$46,139,187</b>	<b>\$20,690,653</b>	<b>\$21,465,860</b>	<b>\$69,030,316</b>	<b>\$67,605,047</b>

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

**The Town of Smithfield's Debt Administration**

At the end of the current fiscal year, the Town of Smithfield's Governmental Activities had a total bonded debt of \$23,660,012, including premium on bond issuance of \$850,012. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Bonds payable	\$ 23,660,012	\$ 18,377,431	\$ 7,031,751	\$ 7,488,201	\$ 30,691,763	\$ 25,865,632
Lease purchase obligations & leases	-	163,400	-	-	-	163,400
Total	\$ 23,660,012	\$ 18,540,831	\$ 7,031,751	\$ 7,488,201	\$ 30,691,763	\$ 26,029,032

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

The Town's general obligation bond rating as reaffirmed by Moody's Investors Service in August of 2016 is Aa2 and AA by S&P. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of Smithfield's limit is \$82,478,910 at year-end. The Town's outstanding governmental activities general obligation debt is \$23,660,012 and business-type activity debt of \$162,000 at year-end, of which only \$162,000 is subject to the legal debt margin. See Schedule 12 on Page 157 (Statistical Section) for a further explanation of debt subject to the margin.

**EMPLOYMENT**

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

**HOUSING**

At the end of June 2017 the median sale price for single family homes in Smithfield was \$289,900 and the median price of all sales was \$261,000.

**POPULATION**

In 2010 Smithfield was ranked 17<sup>th</sup> in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of Census, Smithfield experienced a moderate increase in 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

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

Smithfield is known as the Apple Valley for orchards. In the 20<sup>th</sup> century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 63.8% of the tax base while commercial and industrial account for 24.6% of the tax base.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

The Town of Smithfield's total general fund budget for fiscal year 2018 amounts to \$72,285,519 which reflects an increase of \$3,240,206 or 4.69% above the fiscal year 2017 budget of \$69,045,313. Of the Town's 2018 budget, \$38,268,535 or 52.9% is budgeted for education expenditures.

The State of Rhode Island is budgeted to contribute \$6,207,913 to the Town's education department based on State Aid in fiscal 2018.

The Town's residential tax rate for fiscal year 2018 is \$17.56 per \$1,000 of assessed value and commercial tax rate of \$18.40 per \$1,000 of assessed value with 47.1% allocated for general government and 52.9% allocated for education. For fiscal year 2017 the Town's residential tax rate is \$16.73 per \$1,000 of assessed value and commercial tax rate of \$17.53 per \$1,000 of assessed value with 46.6% allocated for general government and 53.4% allocated for education.

**Request for Information**

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



Randy R. Rossi  
Town Manager / Finance Director

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# **TOWN OF SMITHFIELD**

## **BASIC FINANCIAL STATEMENTS**

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TOWN OF SMITHFIELD, RHODE ISLANDStatement of Net Position  
June 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	20,783,493	\$ 6,431,682	\$ 27,215,175
Cash on deposit with funding agency	819,126	-	819,126
Restricted cash	-	579,895	579,895
Investments	4,805,255	-	4,805,255
Accounts receivable	2,656,839	635,028	3,291,867
Internal balances	569,864	(569,864)	-
Due from federal and state governments	507,011	-	507,011
Inventory	-	34,020	34,020
Prepays	189,919	-	189,919
<b>Total Current Assets</b>	<b>30,331,507</b>	<b>7,110,761</b>	<b>37,442,268</b>
<b>Noncurrent Assets:</b>			
Net Pension Asset	3,682,287	-	3,682,287
Assessment fees	-	374,317	374,317
Capital assets not being depreciated	21,864,072	831,224	22,695,296
Capital assets, net of accumulated depreciation	26,475,591	19,859,429	46,335,020
<b>Total Noncurrent Assets</b>	<b>52,021,950</b>	<b>21,064,970</b>	<b>73,086,920</b>
<b>TOTAL ASSETS</b>	<b>82,353,457</b>	<b>28,175,731</b>	<b>110,529,188</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charges on refunding	82,054	-	82,054
Deferred outflows related to pension plan obligations	15,767,321	-	15,767,321
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>15,849,375</b>	<b>-</b>	<b>15,849,375</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	3,190,994	221,115	3,412,109
Unearned revenue, assessments, and fees	-	80,872	80,872
Current portion of compensated absences	725,000	35,000	760,000
Current portion of bonds and other debt obligations	1,585,000	460,450	2,045,450
<b>Total Current Liabilities</b>	<b>5,500,994</b>	<b>797,437</b>	<b>6,298,431</b>
<b>Noncurrent Liabilities:</b>			
Compensated absences	4,294,428	84,858	4,379,286
Unearned revenue, assessments, and fees	-	332,591	332,591
Net OPEB Liability	39,197,000	-	39,197,000
Net Pension Liability	69,473,732	-	69,473,732
General obligation bonds and other debt, net	22,075,012	6,571,301	28,646,313
<b>Total Noncurrent Liabilities</b>	<b>135,040,172</b>	<b>6,988,750</b>	<b>142,028,922</b>
<b>TOTAL LIABILITIES</b>	<b>140,541,166</b>	<b>7,786,187</b>	<b>148,327,353</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pension plan obligations	10,517,716	-	10,517,716
Deferred inflows related to OPEB plan obligations	2,776,000	-	2,776,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,293,716</b>	<b>-</b>	<b>13,293,716</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	25,498,777	14,238,797	39,737,574
Unrestricted	(81,130,827)	6,150,747	(74,980,080)
<b>TOTAL NET POSITION</b>	<b>\$ (55,632,050)</b>	<b>\$ 20,389,544</b>	<b>\$ (35,242,506)</b>

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

TOWN OF SMITHFIELD, RHODE ISLANDStatement of Activities  
For the Year Ended June 30, 2017

<i>Functions/Programs:</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 8,144,022	\$ 1,689,365	\$ 5,421	\$ -	\$ (6,449,236)		\$ (6,449,236)
Public safety	16,214,772	1,834,694	68,860	26,079	(14,285,139)		(14,285,139)
Public works	6,530,032	-	-	-	(6,530,032)		(6,530,032)
Public health and assistance	5,938	62,000	3,476	-	59,538		59,538
Public libraries	1,321,571	-	-	-	(1,321,571)		(1,321,571)
Education	39,839,753	332,466	8,973,594	-	(30,533,693)		(30,533,693)
Recreation and senior activities	1,822,960	17,981	18,071	-	(1,786,908)		(1,786,908)
Interest on long-term debt	824,421	-	517,711	-	(306,710)		(306,710)
<b>Total governmental activities</b>	<b>74,703,469</b>	<b>3,936,506</b>	<b>9,587,133</b>	<b>26,079</b>	<b>(61,153,751)</b>		<b>(61,153,751)</b>
<b>Business-type activities:</b>							
Sewer Authority	3,261,790	3,138,371	-	-	-	\$ (123,419)	(123,419)
Water Supply Board	1,430,372	1,506,221	-	-	-	75,849	75,849
Smithfield Ice Rink	716,387	709,539	-	-	-	(6,848)	(6,848)
School Lunch Program	509,384	350,930	176,704	-	-	18,250	18,250
<b>Total business-type activities</b>	<b>5,917,933</b>	<b>5,705,061</b>	<b>176,704</b>	<b>-</b>	<b>-</b>	<b>(36,168)</b>	<b>(36,168)</b>
<b>Total</b>	<b>\$ 80,621,402</b>	<b>\$ 9,641,567</b>	<b>\$ 9,763,837</b>	<b>\$ 26,079</b>	<b>(61,153,751)</b>	<b>(36,168)</b>	<b>(61,189,919)</b>
<b>General revenues:</b>							
Property taxes					56,793,959	-	56,793,959
Motor vehicle phase-out taxes					267,710	-	267,710
Telephone taxes and general state aid					279,390	-	279,390
Hotel, meals, and beverage tax					911,374	-	911,374
Unrestricted investment earnings					346,587	35,231	381,818
<b>Transfers</b>					150,000	(150,000)	-
<b>Total general revenues and transfers</b>					<b>58,749,020</b>	<b>(114,769)</b>	<b>58,634,251</b>
<b>Change in Net Position</b>					<b>(2,404,731)</b>	<b>(150,937)</b>	<b>(2,555,668)</b>
<b>Net Position - beginning of year (As Restated)</b>					<b>(53,227,319)</b>	<b>20,540,481</b>	<b>(32,686,838)</b>
<b>Net Position - ending of year</b>					<b>\$ (55,632,050)</b>	<b>\$ 20,389,544</b>	<b>\$ (35,242,506)</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General Fund	School Unrestricted Fund	Police Improvement Bond	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 16,590,342	\$ 6,469	\$ -	\$ 4,186,682	\$ 20,783,493
Cash on deposit with funding agency	-	-	-	819,126	819,126
Investments	4,805,255	-	-	-	4,805,255
Taxes receivable, net	2,272,766	-	-	-	2,272,766
Other receivables, net	248,799	4,096	-	131,178	384,073
Due from federal and state governments	-	100,927	-	406,084	507,011
Prepaid expenditures	-	146,104	-	43,815	189,919
Due from other funds	928,088	2,610,447	953,157	3,934,826	8,426,518
<b>TOTAL ASSETS</b>	<b>\$ 24,845,250</b>	<b>\$ 2,868,043</b>	<b>\$ 953,157</b>	<b>\$ 9,521,711</b>	<b>\$ 38,188,161</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 578,867	\$ 125,300	\$ 94,926	\$ 38,145	\$ 837,238
Accrued liabilities	1,027,295	823,160	-	28,534	1,878,989
Retainage payable	-	-	264,267	-	264,267
Due to other funds	6,144,373	-	-	1,712,281	7,856,654
<b>TOTAL LIABILITIES</b>	<b>7,750,535</b>	<b>948,460</b>	<b>359,193</b>	<b>1,778,960</b>	<b>10,837,148</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>					
Unavailable tax and fee revenue	931,717	-	-	110,740	1,042,457
<b>FUND BALANCE:</b>					
Non-Spendable	1,340,454	146,104	-	43,815	1,530,373
Restricted	37,625	-	-	1,207,670	1,245,295
Committed	7,835,554	1,773,479	-	7,526,368	17,135,401
Assigned	2,422,816	-	-	-	2,422,816
Unassigned	4,526,549	-	593,964	(1,145,842)	3,974,671
<b>TOTAL FUND BALANCE</b>	<b>16,162,998</b>	<b>1,919,583</b>	<b>593,964</b>	<b>7,632,011</b>	<b>26,308,556</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 24,845,250</b>	<b>\$ 2,868,043</b>	<b>\$ 953,157</b>	<b>\$ 9,521,711</b>	<b>\$ 38,188,161</b>

(CONTINUED)

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

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Balance Sheet  
Governmental Funds  
June 30, 2017**

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

<b>Total Fund Balance reported in Exhibit B-1</b>	\$ 26,308,556
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund balance sheet	48,339,663
Deferred debt charges resulting from issuance of refunding and advance refunding bonds. These charges have been included in the governmental activities in the Statement of Net Position.	82,054
Net Pension Assets and related Deferred Outflows of Resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	19,449,608
Net OPEB Liability and Deferred Inflows of Resources for the OPEB plan are reported on the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	(41,973,000)
Net Pension Liability and related Deferred Inflows of Resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements.	(79,991,448)
Long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Position (excludes net premium noted below).	(27,829,428)
Unavailable tax revenue and fire rescue fees (net of an allowance for uncollectibles) are recorded in the funds, but are not recorded under the measurement focus employed in the Statement of Net Position.	1,042,457
Interest accrued on long-term debt obligations is reported as a liability in the Statement of Net Position but does not get reported in the Fund Statements.	(210,500)
Net premium on refunding has been recorded as long-term debt on the Statement of Net Position	<u>(850,012)</u>
<b>Total Net Position reported in Exhibit A-1</b>	<b><u><u>\$ (55,632,050)</u></u></b>

(CONCLUDED)



TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017**

	General Fund	School Unrestricted Fund	Police Improvement Bond	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes	\$ 56,202,307	\$ -	\$ -	\$ -	\$ 56,202,307
Intergovernmental	2,686,282	5,887,100	-	1,155,394	9,728,776
Licenses, fees, fines, charges, and assessments	1,046,871	49,963	-	2,189,235	3,286,069
Investment income (loss)	336,043	-	-	10,544	346,587
Contributions	-	28,713	26,079	77,036	131,828
State on behalf pension & transportation contributions	-	1,933,327	-	-	1,933,327
Other miscellaneous	286,856	282,503	-	85,710	655,069
<b>TOTAL REVENUES</b>	<b>60,558,359</b>	<b>8,181,606</b>	<b>26,079</b>	<b>3,517,919</b>	<b>72,283,963</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General government	2,576,436	-	-	-	2,576,436
Public safety	10,618,659	-	-	555,731	11,174,390
Public works	3,717,755	-	-	-	3,717,755
Public health and assistance	5,938	-	-	-	5,938
Libraries	1,321,571	-	-	-	1,321,571
Education	234,830	37,648,549	-	1,058,472	38,941,851
Recreation, Senior and Neighborhood Center	888,359	-	-	329,380	1,217,739
Benefits and other miscellaneous	8,896,850	-	-	33,410	8,930,260
<b>Debt Service:</b>					
Principal	1,338,400	-	-	-	1,338,400
Interest and other costs	747,776	-	59,415	-	807,191
<b>Capital:</b>					
Capital expenditures	696,109	498,997	3,009,761	1,363,552	5,568,419
<b>TOTAL EXPENDITURES</b>	<b>31,042,683</b>	<b>38,147,546</b>	<b>3,069,176</b>	<b>3,340,545</b>	<b>75,599,950</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>					
	29,515,676	(29,965,940)	(3,043,097)	177,374	(3,315,987)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	6,075,000	-	6,075,000
Premium from issuance of bonds	-	-	429,320	-	429,320
Transfers in	1,404,594	30,702,808	-	177,329	32,284,731
Transfers out	(30,880,137)	-	-	(1,254,594)	(32,134,731)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,475,543)</b>	<b>30,702,808</b>	<b>6,504,320</b>	<b>(1,077,265)</b>	<b>6,654,320</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>40,133</b>	<b>736,868</b>	<b>3,461,223</b>	<b>(899,891)</b>	<b>3,338,333</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>16,122,865</b>	<b>1,182,715</b>	<b>(2,867,259)</b>	<b>8,531,902</b>	<b>22,970,223</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 16,162,998</b>	<b>\$ 1,919,583</b>	<b>\$ 593,964</b>	<b>\$ 7,632,011</b>	<b>\$ 26,308,556</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)  
Year Ended June 30, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):</b>	<b>\$ 3,338,333</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures (which were capitalized as capital assets) in the current period exceeded depreciation expense.	2,200,476
Proceeds from issuance of long-term debt (including bond premiums) are reported as other financing sources in the fund statements but are not reported on the statement of activities in the government-wide statements.	(6,504,320)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	1,338,400
Changes in the Net OPEB Liability and Deferred Inflows of Resources related to pension plans results in increase or decrease to the pension expense reported in the Statement of Activities. For fiscal 2017 the effect of these adjustments resulted in an increase in the pension expense reported in the Statement of Activities.	(2,030,000)
Changes in the Net Pension Asset, Deferred Outflows of Resources related to pension plans, Net Pension Liability, and Deferred Inflows of Resources related to pension plans results in an increase or decrease to the pension expense reported in the Statement of Activities. For fiscal 2017 the effect of these adjustments resulted in an increase in the pension expense reported in the Statement of Activities.	(302,269)
Governmental funds report deferred outflows on refundings and premiums on debt financing when they occur. The Statement of Activities amortizes these costs over the life of the obligations. This is the net amount of the amortization of bond discounts, premiums, and deferred charges on refundings.	32,870
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. Net unavailable tax and EMS fee revenue decreased from fiscal 2016.	(142,925)
Accrued interest on long-term debt obligations is reported in the governmental activities but is not reported in the government fund statements. This is the increase in accrued interest expense in fiscal 2017.	(50,100)
Increase in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net position.	<u>(285,196)</u>
<b>Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)</b>	<b><u>\$ (2,404,731)</u></b>

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

## TOWN OF SMITHFIELD, RHODE ISLAND

## Statement of Net Position

## Proprietary Funds

June 30, 2017

(With Comparative Totals at June 30, 2016)

	Business-type Activities-Enterprise Funds								Totals (current year)
	Sewer Authority (current year)	Sewer Authority (prior year)	Water Supply Board (current year)	Water Supply Board (prior year)	Smithfield Ice Rink (current year)	Smithfield Ice Rink (prior year)	School Lunch Program (current year)	School Lunch Program (prior year)	
<b>ASSETS:</b>									
<b>Current Assets:</b>									
Cash and cash equivalents	\$ 4,801,949	\$ 4,841,630	\$ 793,291	\$ 603,954	\$ 718,041	\$ 886,499	\$ 118,401	\$ 170,395	\$ 6,431,682
Restricted cash	579,895	579,492	-	-	-	-	-	-	579,895
Cash on deposit with funding agency	-	5,563	-	-	-	-	-	-	-
Water and sewer assessments and user fees - net	176,734	199,315	393,873	425,746	-	-	-	-	570,607
Other receivables, net	-	-	-	-	32,588	43,909	31,833	8,738	64,421
Due from other funds	-	-	269,522	238,231	-	-	-	-	269,522
Inventory	-	-	34,020	33,350	-	-	-	-	34,020
<b>Total Current Assets</b>	<b>5,558,578</b>	<b>5,626,000</b>	<b>1,490,706</b>	<b>1,301,281</b>	<b>750,629</b>	<b>930,408</b>	<b>150,234</b>	<b>179,133</b>	<b>7,950,147</b>
<b>Noncurrent Assets:</b>									
Sewer Assessment fees	374,317	439,269	-	-	-	-	-	-	374,317
Capital assets not being depreciated	830,026	811,457	1,198	1,198	-	46,471	-	-	831,224
Capital assets, net of accumulated depreciation	16,391,154	17,093,721	2,095,693	2,233,287	1,322,710	1,221,171	49,872	58,554	19,859,429
<b>Total Noncurrent Assets</b>	<b>17,595,497</b>	<b>18,344,447</b>	<b>2,096,891</b>	<b>2,234,485</b>	<b>1,322,710</b>	<b>1,267,642</b>	<b>49,872</b>	<b>58,554</b>	<b>21,064,970</b>
<b>TOTAL ASSETS</b>	<b>23,154,075</b>	<b>23,970,447</b>	<b>3,587,597</b>	<b>3,535,766</b>	<b>2,073,339</b>	<b>2,198,050</b>	<b>200,106</b>	<b>237,687</b>	<b>29,015,117</b>
<b>LIABILITIES:</b>									
<b>Current Liabilities:</b>									
Accounts payable and accrued expenses	100,057	265,636	87,859	94,281	9,925	25,422	23,274	82,844	221,115
Due to other funds	728,616	640,599	-	-	110,770	226,351	-	-	839,386
Unearned assessments and user fees	61,801	62,230	-	-	7,192	3,020	11,879	8,140	80,872
Current portion of compensated absences	10,000	10,000	10,000	10,000	15,000	15,000	-	-	35,000
Current portion of bonds	438,450	434,450	22,000	22,000	-	-	-	-	460,450
<b>Total Current Liabilities</b>	<b>1,338,924</b>	<b>1,412,915</b>	<b>119,859</b>	<b>126,281</b>	<b>142,887</b>	<b>269,793</b>	<b>35,153</b>	<b>90,984</b>	<b>1,636,823</b>
<b>Noncurrent Liabilities:</b>									
General obligation bonds, net of current portion	6,431,301	6,869,751	140,000	162,000	-	-	-	-	6,571,301
Unearned assessments and user fees	332,591	393,962	-	-	-	-	-	-	332,591
Compensated absences	16,000	16,841	21,659	18,882	47,199	40,060	-	-	84,858
<b>Total Noncurrent Liabilities</b>	<b>6,779,892</b>	<b>7,280,554</b>	<b>161,659</b>	<b>180,882</b>	<b>47,199</b>	<b>40,060</b>	<b>-</b>	<b>-</b>	<b>6,988,750</b>
<b>TOTAL LIABILITIES</b>	<b>8,118,816</b>	<b>8,693,469</b>	<b>281,518</b>	<b>307,163</b>	<b>190,086</b>	<b>309,853</b>	<b>35,153</b>	<b>90,984</b>	<b>8,625,573</b>
<b>NET POSITION:</b>									
Net Investment in Capital Assets	10,931,324	11,186,032	1,934,891	2,050,485	1,322,710	1,267,642	49,872	58,554	14,238,797
Unrestricted	4,103,935	4,090,946	1,371,188	1,178,118	560,543	620,555	115,081	88,149	6,150,747
<b>TOTAL NET POSITION</b>	<b>\$ 15,035,259</b>	<b>\$ 15,276,978</b>	<b>\$ 3,306,079</b>	<b>\$ 3,228,603</b>	<b>\$ 1,883,253</b>	<b>\$ 1,888,197</b>	<b>\$ 164,953</b>	<b>\$ 146,703</b>	<b>\$ 20,389,544</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds**

For the Year Ended June 30, 2017

(With Comparative Totals For the Year Ended June 30, 2016)

	Business-type Activities-Enterprise Funds								Totals (current year)
	Sewer Authority (current year)	Sewer Authority (prior year)	Water Supply Board (current year)	Water Supply Board (prior year)	Smithfield Ice Rink (current year)	Smithfield Ice Rink (prior year)	School Lunch Program (current year)	School Lunch Program (prior year)	
<b>OPERATING REVENUES:</b>									
Charges for usage and service	\$ 3,102,613	\$ 3,034,559	\$ 1,424,598	\$ 1,440,187	\$ 709,539	\$ 753,759	\$ -	\$ -	\$ 5,236,750
Food sales	-	-	-	-	-	-	350,930	344,582	350,930
Intergovernmental	-	-	-	-	-	-	176,704	183,314	176,704
Other revenues	35,758	45,084	81,623	41,096	-	-	-	-	117,381
<b>Total Operating Revenues</b>	<b>3,138,371</b>	<b>3,079,643</b>	<b>1,506,221</b>	<b>1,481,283</b>	<b>709,539</b>	<b>753,759</b>	<b>527,634</b>	<b>527,896</b>	<b>5,881,765</b>
<b>OPERATING EXPENSES:</b>									
Salaries and benefits	91,494	95,659	287,678	271,732	309,884	309,864	-	-	689,056
Operations	2,293,398	2,124,299	1,005,100	861,787	301,816	289,153	-	-	3,600,314
Depreciation and amortization	702,567	435,762	137,594	147,935	104,687	110,946	8,683	9,032	953,531
School cafeteria operations	-	-	-	-	-	-	500,701	505,849	500,701
<b>Total Operating Expenses</b>	<b>3,087,459</b>	<b>2,655,720</b>	<b>1,430,372</b>	<b>1,281,454</b>	<b>716,387</b>	<b>709,963</b>	<b>509,384</b>	<b>514,881</b>	<b>5,743,602</b>
<b>OPERATING INCOME (LOSS)</b>	<b>50,912</b>	<b>423,923</b>	<b>75,849</b>	<b>199,829</b>	<b>(6,848)</b>	<b>43,796</b>	<b>18,250</b>	<b>13,015</b>	<b>138,163</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>									
Interest income	31,700	27,968	1,627	1,625	1,904	1,695	-	-	35,231
Interest expense	(174,331)	(179,489)	-	-	-	-	-	-	(174,331)
<b>Net Nonoperating Revenues</b>	<b>(142,631)</b>	<b>(151,521)</b>	<b>1,627</b>	<b>1,625</b>	<b>1,904</b>	<b>1,695</b>	<b>-</b>	<b>-</b>	<b>(139,100)</b>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>(91,719)</b>	<b>272,402</b>	<b>77,476</b>	<b>201,454</b>	<b>(4,944)</b>	<b>45,491</b>	<b>18,250</b>	<b>13,015</b>	<b>(937)</b>
Transfers (Out)	(150,000)	(300,000)	-	(200,000)	-	-	-	-	(150,000)
<b>CHANGE IN NET ASSETS</b>	<b>(241,719)</b>	<b>(27,598)</b>	<b>77,476</b>	<b>1,454</b>	<b>(4,944)</b>	<b>45,491</b>	<b>18,250</b>	<b>13,015</b>	<b>(150,937)</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>15,276,978</b>	<b>15,304,576</b>	<b>3,228,603</b>	<b>3,227,149</b>	<b>1,888,197</b>	<b>1,842,706</b>	<b>146,703</b>	<b>133,688</b>	<b>20,540,481</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 15,035,259</b>	<b>\$ 15,276,978</b>	<b>\$ 3,306,079</b>	<b>\$ 3,228,603</b>	<b>\$ 1,883,253</b>	<b>\$ 1,888,197</b>	<b>\$ 164,953</b>	<b>\$ 146,703</b>	<b>\$ 20,389,544</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	Business-type Activities- Enterprise Funds				Totals
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 3,164,104	\$ 1,538,094	\$ 725,032	\$ 508,277	\$ 5,935,507
Cash paid to suppliers for goods and services and other operating payments	(2,458,977)	(1,012,192)	(317,313)	(560,271)	(4,348,753)
Cash paid for employees and benefits	(92,335)	(284,901)	(302,745)	-	(679,981)
<b>Net cash provided (used) by operating activities</b>	<u>612,792</u>	<u>241,001</u>	<u>104,974</u>	<u>(51,994)</u>	<u>906,773</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers to (from) other funds	(150,000)	-	-	-	(150,000)
(Increase) decrease in due from other funds	-	(31,291)	-	-	(31,291)
Increase (decrease) in due to other funds	88,017	-	(115,581)	-	(27,564)
<b>Net cash used by noncapital financing activities</b>	<u>(61,983)</u>	<u>(31,291)</u>	<u>(115,581)</u>	<u>-</u>	<u>(208,855)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(18,569)	-	(159,755)	-	(178,324)
Principal paid on bonds	(434,450)	(22,000)	-	-	(456,450)
Interest paid on bonds	(174,331)	-	-	-	(174,331)
<b>Net cash used for capital and related financing activities</b>	<u>(627,350)</u>	<u>(22,000)</u>	<u>(159,755)</u>	<u>-</u>	<u>(809,105)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	31,700	1,627	1,904	-	35,231
<b>Net cash provided by investing activities</b>	<u>31,700</u>	<u>1,627</u>	<u>1,904</u>	<u>-</u>	<u>35,231</u>

(CONTINUED)

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

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017**

	Business-type Activities- Enterprise Funds				
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	Totals
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(44,841)	189,337	(168,458)	(51,994)	(75,956)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,426,685	603,954	886,499	170,395	7,087,533
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 5,381,844</u>	<u>\$ 793,291</u>	<u>\$ 718,041</u>	<u>\$ 118,401</u>	<u>\$ 7,011,577</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 50,912	\$ 75,849	\$ (6,848)	\$ 18,250	\$ 138,163
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	702,567	137,594	104,687	8,683	953,531
(Increase) decrease in water and sewer assessments and user fees	87,533	31,873	-	-	119,406
(Increase) decrease in other receivables	-	-	11,321	(23,095)	(11,774)
(Increase) decrease in inventory	-	(670)	-	-	(670)
Increase (decrease) in accounts payable and accrued expenses	(165,579)	(6,422)	(15,497)	(59,571)	(247,069)
Increase (decrease) in compensated absences	(841)	2,777	7,139	-	9,075
Increase (decrease) in unearned assessments and fees	(61,800)	-	4,172	3,739	(53,889)
<b>Net cash provided (used) by operating activities</b>	<u>\$ 612,792</u>	<u>\$ 241,001</u>	<u>\$ 104,974</u>	<u>\$ (51,994)</u>	<u>\$ 906,773</u>

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

(CONCLUDED)

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents			\$ 17,837	\$ 488,511
Other receivables	\$ 101,997	\$ 84,778	12,653	3,170
<b>Investments, at fair value:</b>				
Annuity contracts	1,863,371	872,782		
Indexed stock fund	3,661,062	11,703,734		
Diversified stock fund	3,724,515	11,128,078		
Fixed income fund			376,133	
Mutual funds			767,153	
Common stock			1,758,880	
<b>TOTAL ASSETS</b>	<u>9,350,945</u>	<u>23,789,372</u>	<u>2,932,656</u>	<u>491,681</u>
<b>LIABILITIES</b>				
Deposits held in custody for others				491,681
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,681</u>
<b>NET POSITION</b>				
Restricted for Pensions	9,350,945	23,789,372		-
Restricted for OPEB	-	-	2,932,656	-
<b>TOTAL NET POSITION</b>	<u>\$ 9,350,945</u>	<u>\$ 23,789,372</u>	<u>\$ 2,932,656</u>	<u>\$ -</u>

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

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2017**

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
<b>ADDITIONS:</b>			
Contributions			
Employee contributions		\$ 272,054	\$ 34,068
Employer contributions	\$ 2,177,643	614,972	100,000
Total contributions	<u>2,177,643</u>	<u>887,026</u>	<u>134,068</u>
<b>Investment earnings:</b>			
Realized and unrealized gains (losses)	1,248,708	4,184,596	239,179
Interest and dividends	67,924	68,095	64,768
Total investment earnings	<u>1,316,632</u>	<u>4,252,691</u>	<u>303,947</u>
<b>Total additions</b>	<u>3,494,275</u>	<u>5,139,717</u>	<u>438,015</u>
<b>DEDUCTIONS:</b>			
Benefits paid	1,881,524	1,528,475	
Operating expenses	47,456	96,962	25,093
<b>TOTAL DEDUCTIONS</b>	<u>1,928,980</u>	<u>1,625,437</u>	<u>25,093</u>
<b>CHANGE IN NET POSITION</b>	1,565,295	3,514,280	412,922
NET POSITION - BEGINNING OF YEAR	7,785,650	20,275,092	2,519,734
<b>NET POSITION - END OF YEAR</b>	<u>\$ 9,350,945</u>	<u>\$ 23,789,372</u>	<u>\$ 2,932,656</u>

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



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

***Reporting Entity***

The Town of Smithfield was settled in 1636 and later incorporated as a Town in 1730. The Town is a municipal corporation governed by a Council/Town Manager form of government with a five-member Town Council headed by a Council President. The financial statements and related notes include the activity and net position of the Smithfield Public School, a department of the Town of Smithfield, Rhode Island.

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

***Basis of Presentation***

***Government-Wide Financial Statements***

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

***Fund Financial Statements***

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

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

and

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

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

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

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than debt service or capital projects.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Governmental Funds (Continued)**

**Capital Project Funds**

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

**Permanent Funds**

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

**Proprietary Funds**

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

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

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes four agency funds at June 30, 2017. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Student Activity Funds
- Fees In Lieu Of Fund
- Street Lighting Fund
- Soil Erosion Fund

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Major and Non-Major Funds**

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

**Measurement Focus**

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

***Measurement Focus (Continued)***

All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue (for expenditure reimbursement grants) of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such is recognized as revenue when received.

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

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

***Basis of Accounting***

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

**Cash and cash equivalents**

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

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

**Investments**

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

**Accounts Receivable**

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes (62% of balance) and intergovernmental receivables. Business-type activities report uncollected service fees as its major receivables.

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

(CONTINUED)

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Property Taxes**

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

**Prepays**

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

**Capital Assets**

**Government-Wide Statements**

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

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

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

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

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Fund Financial Statements**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2017 the Town of Smithfield, Rhode Island had six items qualifying as deferred outflow of resources in the government-wide statement of net position. These deferred outflows of resources included: deferred charge on refunding, difference between projected and actual earnings for pension plans, difference between projected and actual experience on pension plans, changes in pension assumptions, changes in proportion and difference in employer contributions and proportion, and pension contributions after the measurement date.

In addition to liabilities, the statement of net position and/or balance sheet can report deferred inflows of resources. Deferred inflows of resources represent the acquisition of net position that applies to a future period and which will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2017 the Town of Smithfield, Rhode Island had one item qualifying as a deferred inflow of resources in the governmental funds balance sheet and three items reported in the government-wide statement of net position. Unavailable tax revenue and fee revenue reported in the fund statements represents property taxes receivables which are assessed on December 31, 2015 and prior and is not collected within 60 days of June 30, 2017 as well as fees for rescue services billed but deemed unavailable at year end. The deferred inflows of resources reported on the government-wide financial statements are related to pension plan and OPEB plan reporting requirements in accordance with GASB Statement #68 and #75, respectively. These deferred inflows consisted of the difference between actual and expected experience; difference between projected & actual earnings; and changes in assumptions.

**Interfund Transactions**

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Interfund Transactions (Continued)**

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

**Fund Balance Transactions**

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

***Net Position***

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

***Fund Balance***

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

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

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

***Fund Balance (Continued)***

**Application of Funds**

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

**Minimum Fund Balance**

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

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

**Compensated Absences**

It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to the employee upon separation from Town service. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds. A liability for compensated absences is recorded in the governmental funds only if the liability became due at June 30, 2017 as a result of employee resignation or retirements. At June 30, 2017 there is no amount reported in the liabilities of the governmental funds.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Compensated Absences**

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term debt obligations are not due and payable in the current period and therefore are not reported in the funds." The details of this \$27,829,428 are as follows:

Bonds and lease purchase obligations, excluding premium on bonds (\$850,012) .....	\$22,810,000
Compensated absences .....	<u>5,019,428</u>
<b>Total</b> .....	<b><u>\$27,829,428</u></b>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "net pension liability and related deferred inflows of resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements." The details of this \$79,991,448 are as follows:

Net Pension Liability all plans .....	\$69,473,732
Difference between actual and expected experience .....	2,308,879
Difference between actual and projected earnings .....	1,509,921
Changes in assumptions for pension plans .....	<u>6,698,916</u>
<b>Total</b> .....	<b><u>\$79,991,448</u></b>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$2,200,476 difference are as follows:

Fund expenditures capitalized for reporting in Government-wide statements .....	\$4,533,069
Depreciation expense .....	<u>(2,332,593)</u>
<b>Net adjustment (increase in net position)</b> .....	<b><u>\$2,200,476</u></b>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Another element of that reconciliation states that, "Changes in Net Pension Asset, Deferred Outflow of Resources related to pension plans, Net Pension Liabilities, and Deferred Inflows of Resources related to pension plans results in an increase or decrease in the pension expense reported in the Statement of Activities." The details of this (\$302,269) difference are as follows:

Increase in Net Pension Asset for fiscal 2017 .....	\$ 253,580
Increase in Deferred Outflows for pension plans .....	3,637,949
Decrease in Net Pension Liability for fiscal 2017 .....	1,132,217
Increase in Deferred Inflows for pension plans .....	<u>(5,326,015)</u>
<b>Net adjustment (decrease net position) .....</b>	<b><u>(\$ 302,269)</u></b>

**Recently Issued Accounting Standards**

During the fiscal year ended June 30, 2017 the Town implemented the following new accounting pronouncements:

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.
- GASB Statement No. 77 – Tax Abatement Disclosures.
- GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.
- GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.
- GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, 68, and No. 73.

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

- GASB Statement No. 81 – Irrevocable Split-Interest Agreements, effective for the fiscal year ending June 30, 2018.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

***Recently Issued Accounting Standards (Continued)***

- GASB Statement No. 83 – Certain Asset Retirement Obligations, effective for the fiscal year ending June 30, 2019.
- GASB Statement No. 84 – Fiduciary Activities, effective for the fiscal year ending June 30, 2020.
- GASB Statement No. 85 – Omnibus 2017, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 86 – Certain Debt Extinguishment Issues, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 87 – Leases, effective for the fiscal year ending June 30, 2021.

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

***Pensions***

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

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

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

***Use of Estimates***

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

***Comparative Information***

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of Smithfield, Rhode Island's financial statements for the year ended June 30, 2016 from which the partial information was derived.

**2. BUDGETARY PROCESS**

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

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

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

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on Budgetary Basis – General Fund has been adjusted to basis consistent with the Town's budget. Certain annual appropriations are carried over to next year's budget. There were \$4,212,109 of supplemental budgetary appropriations – re-appropriation of unexpended balances or (RUBS) made during the fiscal year ended June 30, 2017. RUBS available at June 30, 2017 to be carried over to fiscal 2018 totaled \$4,065,294.

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

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis of accounting to revenue and expenditures reported in accordance with generally accepted accounting principles can be found in the required supplementary information on Pages 97 and 98.

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**3. CASH AND INVESTMENTS**

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

***Deposits***

The carrying amount of the Town's cash and cash equivalents at June 30, 2017 was \$28,301,418 (including Fiduciary Funds, and restricted cash but excluding cash on deposit with funding agency) while the bank balance was approximately \$28,209,100. Of the bank balance, approximately \$11,788,200 was covered by federal depository insurance while the remaining balance was 100% collateralized.

***Investments***

At June 30, 2017 the Town's investments totaled \$40,660,963 (including \$35,855,708 held in Fiduciary Funds and \$4,805,255 held in the General Fund) and consisted of the following:

	<u>Fair</u> <u>Value</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u>	<u>Rating</u>
Index stock mutual fund .....	\$15,364,796	n/a	n/a	not rated
Annuity contracts .....	2,736,153	n/a	n/a	not rated
Diversified stock mutual fund .....	14,852,593	n/a	n/a	not rated
Common Stocks .....	1,758,880	n/a	n/a	not rated
Mutual Funds.....	767,153	n/a	n/a	not rated
Corporate bond .....	49,923	2.25%	5/5/2021	not available
Municipal bonds .....	326,210	4.92 - 7.39%	11/2024-7/2040	not available
Government securities .....	622,225	1.135%	10/3/2018	AAA
Government securities .....	3,447,574	1.02 - 1.75%	6/2019-11/2021	AAA
Government securities .....	<u>735,456</u>	1.50%	11/30/2020	AA+
<b>Total investments</b> .....	<b><u>\$ 40,660,963</u></b>			

Investments of all idle funds must be made through national banks or trust companies, provided that the financial conditions and integrity of said institution or institutions are verifiable and can be monitored. The investment of operating funds shall be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Fiduciary fund investments are made in accordance with the plan documents. Investments in any one institution cannot exceed five percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Investments (Continued)**

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

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by fair value level:</b>				
Annuity Contracts – Fire .....	\$ 872,782			\$ 872,782
Annuity Contracts – Police.....	1,863,371			1,863,371
Index Stock Mutual Fund .....	15,364,796	\$15,364,796		
Diversified Stock Mutual Fund .....	14,852,593	14,852,593		
Common Stocks.....	1,758,880	1,758,880		
Mutual Funds .....	767,153		\$ 767,153	
Corporate bonds .....	49,923		49,923	
Government securities .....	4,805,255	4,805,255		
Municipal obligations.....	326,210	-	326,210	-
<b>Totals.....</b>	<u>\$40,660,963</u>	<u>\$36,781,524</u>	<u>\$1,143,286</u>	<u>\$2,736,153</u>

The fair value of the Annuity Contracts - Fire has been determined as Level 3 inputs as the assets are not publicly traded and the value was provided by the insurance company that holds the investments. The fair value of the annuity contracts was developed using the standard Market Value Formula and the book value of the total contract funds. The Market Value Adjustment was calculated using the following: (a) rate of return on all contract holders contributions – 8.28%; (b) less Ten-year A financial rate, published weekly by Citigroup Global Markets, plus .25%; (c) Present value factor of 8.35 (9.97 years interest rate of 3.37%); (d) Adjustment for short-term securities – 94.70%. The result was a Market Value Adjustment of 38.85%.

The fair value of the Annuity Contracts - Police has been determined as Level 3 inputs as the assets are not publicly traded and the value was provided by the insurance company that holds the investments. The fair value of the annuity contracts was developed using the standard Market Value Formula and the book value of the total contract funds. The Market Value Adjustment was calculated using the following: (a) rate of return on all contract holders contributions – 3.53%; (b) less Ten-year A financial rate, published weekly by Citigroup Global Markets, plus .25%; (c) Present value factor of 7.7 (9.06 years interest rate of 3.37%); (d) Adjustment for short-term securities – 94.70%. The result was a Market Value Adjustment of 1.14%.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

***Interest Rate Risk***

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

***Concentration of Credit Risk***

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

***Custodial Credit Risk***

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

***Credit Risk***

Generally credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation and the Town will not be able to recover the value of its investment or collateral securities possessed by another party. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. At June 30, 2017 the Town's investments in tax exempt municipal obligations totaled \$326,210 and are subject to credit risk of the municipality.

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE**

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

During the year ended June 30, 2017, the Town received \$267,710 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last several years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$39.00. Subsequent to June 30, 2017 the State approved motor vehicle tax legislation to reduce the motor vehicle taxes commencing with fiscal 2018.

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

Net property taxes levied for the fiscal year 2017 were based on a net assessed value of approximately \$2,749,297,000 at December 31, 2015 and amounted to approximately \$56,133,000. Collections through June 30, 2017 amounted to approximately \$53,875,000, which represents approximately 96% of the total tax levy. The collection percentage as of August 31, 2017 including the 60 day rule receipts was approximately 98%.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of June 30, 2017 (\$3,574,485) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$1,301,719. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2017 are recorded as unavailable tax revenue and amounted to \$931,717 at June 30, 2017. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2017 (due to their collection within the 60 days immediately following June 30, 2017) amounted to \$1,341,049.

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**5. TAX TREATY AGREEMENTS**

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

As of June 30, 2017 the Town of Smithfield maintained eight tax treaty/tax stabilization agreements. These agreements provided tax relief to businesses in the form of stabilization agreements for real and tangible property taxes. Listed below is a summary of information pertaining to these agreements for the fiscal year ended June 30, 2017.

- Tax stabilization agreement for the abatement of real estate taxes with an equipment manufacturer and service provider in the amount of approximately \$54,500 which resulted in an abatement of taxes totaling approximately \$9,800. This agreement ended June 30, 2017.
- Agreement with an equipment rental company for the abatement of tangible property taxes. Tax stabilization amount for the fiscal year ended June 30, 2017 was \$100,000 which resulted in an abatement of approximately \$377,000. This agreement is scheduled to terminate on June 30, 2027.
- Two agreements with a commercial office park development for the abatement of real estate taxes. The tax stabilization amount for the fiscal year ended June 30, 2017 was \$370,300 which resulted in a tax abatement of approximately \$157,000. One agreement is scheduled to expire on June 30, 2018 while the second goes through June 30, 2020.
- Agreement entered into on June 30, 1999 with a manufacturer to provide tax stabilization amounts increasing every five years from July 1, 1999 through July 1, 2018. The stabilization amount for real estate and tangible taxes for fiscal 2017 was \$198,749. The amount of the abatement is unknown for fiscal 2017.
- Agreement entered into in May 1998 with a retail and healthcare company to provide tax stabilization amounts increasing every five years from July 1, 1998 through December 31, 2023. The stabilization amount for real estate and tangible taxes for fiscal 2017 was \$79,750. The amount of the abatement is unknown for fiscal 2017.
- Agreement entered into on May 28, 1996 with a financial service corporation to provide tax stabilization amounts increasing every five years from December 31, 2002 through December 31, 2022 and terminating December 31, 2028. The stabilization amount for real estate and tangible taxes for fiscal 2017 was \$3,089,518. The amount of the abatement is unknown for fiscal 2017.
- Agreement entered into on December 31, 1998 with a world leading designer and marketer of eyewear to provide tax stabilization amounts increasing every five years from December 31, 2003 through December 31, 2023 and terminating December 31, 2028. The stabilization amount for real estate and tangible taxes for fiscal 2017 was \$214,606. The amount of the abatement is unknown for fiscal 2017.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balances <u>July 1, 2016</u>	<u>Additions</u>	Retirements & <u>Disposals</u>	Balances <u>June 30, 2017</u>
<b>Governmental Activity:</b>				
<b>Nondepreciable Assets:</b>				
Land	\$ 15,488,672	\$ -	\$ -	\$ 15,488,672
Construction in progress	7,603,829	3,249,851	4,478,280	6,375,400
<b>Depreciable Assets:</b>				
Buildings and improvements	27,531,357	4,697,141	-	32,228,498
Equipment	6,003,789	223,094	29,823	6,197,060
Vehicles	7,204,778	113,610	35,285	7,283,103
Infrastructure	79,452,881	727,653	-	80,180,534
<b>Total cost</b>	<b>143,285,306</b>	<b>9,011,349</b>	<b>4,543,388</b>	<b>147,753,267</b>
<b>Accumulated Depreciation:</b>				
Building and improvements	(15,840,253)	(653,311)	-	(16,493,564)
Equipment	(4,417,148)	(473,682)	(29,823)	(4,861,007)
Vehicles	(5,685,302)	(495,027)	(35,285)	(6,145,044)
Infrastructure	(71,203,416)	(710,573)	-	(71,913,989)
<b>Total accumulated depreciation</b>	<b>(97,146,119)</b>	<b>(2,332,593)</b>	<b>(65,108)</b>	<b>(99,413,604)</b>
<b>Net capital assets</b>	<b>\$ 46,139,187</b>	<b>\$ 6,678,756</b>	<b>\$ 4,478,280</b>	<b>\$ 48,339,663</b>

Depreciation expense for the year ended June 30, 2017 was charged to the following functions/programs of the Town:

<b>Governmental Activities:</b>	
General government	\$ 618,230
Education	174,930
Public safety	534,054
Public works	954,811
Recreation	50,568
<b>Total</b>	<b>\$ 2,332,593</b>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**6. CAPITAL ASSETS (Continued)**

	<u>Balances</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements &amp;</u> <u>Disposals</u>	<u>Balances</u> <u>June 30, 2017</u>
<b>Business-Type Activities:</b>				
<b>Nondepreciable Assets:</b>				
Land	\$ 270,688	\$ -	\$ -	\$ 270,688
Construction in progress	588,438	35,889	63,791	560,536
<b>Depreciable Assets:</b>				
Land improvements	87,129	-	-	87,129
Plant and Buildings	18,424,564	102,912	-	18,527,476
Equipment	10,262,180	103,314	-	10,365,494
Infrastructure - mains, lines, etc.	22,423,745	-	-	22,423,745
Motor vehicles	167,364	-	-	167,364
<b>Total cost</b>	<u>52,224,108</u>	<u>242,115</u>	<u>63,791</u>	<u>52,402,432</u>
<b>Accumulated Depreciation:</b>				
Land improvements	(84,766)	(175)	-	(84,941)
Plant and Buildings	(10,343,920)	(436,589)	-	(10,780,509)
Equipment	(4,933,029)	(288,309)	-	(5,221,338)
Infrastructure - mains, lines, etc.	(15,255,884)	(221,172)	-	(15,477,056)
Motor vehicles	(140,649)	(7,286)	-	(147,935)
				-
<b>Total accumulated depreciation</b>	<u>(30,758,248)</u>	<u>(953,531)</u>	<u>-</u>	<u>(31,711,779)</u>
<b>Net capital assets</b>	<u>\$ 21,465,860</u>	<u>\$ (711,416)</u>	<u>\$ 63,791</u>	<u>\$ 20,690,653</u>

Depreciation expense for the year ended June 30, 2017 was charged to the following Business-type Activities:

<b>Business-Type Activities:</b>	
Sewer Authority	\$ 702,567
Water Supply Board	137,594
Smithfield Ice Rink	104,687
School Lunch Program	8,683
<b>Total</b>	<u>\$ 953,531</u>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Due from federal and state governments represent balances on contracts and grants as well as for services provided and consisted of the following at June 30, 2017:

	<u>Due From</u>
<b>School Unrestricted Fund:</b>	
State of Rhode Island – Department of Education .....	\$ 32,562
State of Rhode Island – EDS – Medicaid Funding .....	68,365
<b>Other Non-Major Governmental Funds:</b>	
State of Rhode Island – Department of Education .....	370,195
State of Rhode Island – various departments .....	<u>35,889</u>
<b>Total all fund types.....</b>	<b><u>\$ 507,011</u></b>

**8. LONG-TERM DEBT**

**(a) General**

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

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

At June 30, 2017 the three (3%) debt limit of the Town was approximately \$82,479,000 based on the net assessed value of property at December 31, 2015 of \$2,749,296,994.

At June 30, 2017 the Town had a total of \$4,215,000 in authorized, unissued debt consisting of the following:

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

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

(b) At June 30, 2017, the Town's long-term debt outstanding and activity consisted of the following:

Description	Date Issued	Original Principal	Maturity Date	Interest Rate	(As Restated)			Outstanding June 30, 2017	Due Within One Year
					Outstanding June 30, 2016	Additions	Retirements		
<b>Governmental Activities:</b>									
<b>General obligation bonds:</b>									
Capital Improvement Land Trust									
2011 Series A.....	01/15/11	\$ 6,270,000	01/15/31	3.0% - 4.0%	\$ 5,725,000		\$ 385,000	\$ 5,340,000	\$ 385,000
School Improvements 2012 Series A ..	05/30/12	4,520,000	10/15/23	2.05%	2,150,000		290,000	1,860,000	285,000
Premium on bonds .....					467,431	\$ 429,320	46,739	850,012	0
Capital Improvement Taxable Series B	05/30/12	5,000,000	05/15/27	4.39%	4,135,000		300,000	3,835,000	315,000
School Improvement 2015 Series C....	12/22/15	4,375,000	5/15/36	3.0% - 5.0%	4,375,000		0	4,375,000	35,000
School Improvement 2015 Series E....	12/22/15	1,525,000	5/15/22	1.35% - 2.90%	1,525,000		200,000	1,325,000	265,000
Police Improvement Bond 2016 Series A	09/01/16	<u>6,075,000</u>	9/1/36	2.0% - 4.0%	0	6,075,000	0	6,075,000	300,000
<b>Total general obligations bonds</b>		<b><u>\$27,765,000</u></b>			<b>18,377,431</b>	<b>6,504,320</b>	<b>1,221,739</b>	<b>23,660,012</b>	<b>1,585,000</b>
<b>Lease Purchase obligations:</b>									
Trash Carts lease .....	10/17/13	<u>\$ 490,000</u>	04/17/17	1.43%	163,400		163,400	0	0
<b>Total lease purchase obligations.....</b>		<b><u>\$ 490,000</u></b>			<b>163,400</b>	<b>0</b>	<b>163,400</b>	<b>0</b>	<b>0</b>
<b>Other long-term obligations</b>									
Net Pension Liability.....					70,605,949	0	1,132,217	69,473,732	0
Net OPEB Liability.....					39,943,000	0	746,000	39,197,000	0
Compensated absences.....					4,734,232	3,064,300	2,779,104	5,019,428	725,000
<b>Total other long-term obligations .....</b>					<b>115,283,181</b>	<b>3,064,300</b>	<b>4,657,321</b>	<b>113,690,160</b>	<b>725,000</b>
<b>Governmental Activities Long-Term Obligations.....</b>					<b><u>\$133,824,012</u></b>	<b><u>\$9,568,620</u></b>	<b><u>\$6,042,460</u></b>	<b><u>\$137,350,172</u></b>	<b><u>\$2,310,000</u></b>

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2017</u>	<u>Due Within One Year</u>
<b>Business Type Activities:</b>									
<i>General revenue bonds/notes:</i>									
Rhode Island Infrastructure Bank .....	12/12/07	\$ 850,000	09/01/22	1.492%	\$ 430,000		\$ 57,000	\$ 373,000	\$ 59,000
Rhode Island Infrastructure Bank .....	10/06/09	560,000	09/01/24	2.89%	348,101		37,000	311,101	37,000
Rhode Island Infrastructure Bank .....	06/28/12	4,000,000	09/01/32	.22% - 2.76%	3,494,000		172,000	3,322,000	174,000
Rhode Island Infrastructure Bank .....	06/16/13	3,370,000	09/01/33	.19% - 2.53%	3,032,100		168,450	2,863,650	168,450
<b>General obligation bonds:</b>									
Rhode Island Infrastructure Bank .....	05/01/13	<u>227,000</u>	09/01/23	.25% - 1.91%	<u>184,000</u>		<u>22,000</u>	<u>162,000</u>	<u>22,000</u>
<b>Total bonds obligations</b> .....		<b><u>\$9,007,000</u></b>			7,488,201	\$ 0	456,450	7,031,751	460,450
Compensated absences .....					<u>110,783</u>	68,000	58,925	119,858	35,000
<b>Business-type activities, long-term liabilities</b> .....					<b><u>\$7,598,984</u></b>	<b><u>\$68,000</u></b>	<b><u>\$515,375</u></b>	<b><u>\$7,151,609</u></b>	<b><u>\$495,450</u></b>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**(d) Debt Service Requirements**

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

Year ending June 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018.....	\$ 1,585,000	\$ 801,576	\$ 460,450	\$ 131,253	\$ 2,978,279
2019.....	1,595,000	757,063	465,450	126,702	2,944,215
2020.....	1,600,000	706,706	470,450	121,282	2,898,438
2021.....	1,610,000	650,586	475,450	115,063	2,851,099
2022.....	1,620,000	593,113	481,450	83,687	2,778,250
2023 - 2027.....	7,550,000	2,041,845	2,087,351	329,993	12,009,189
2028 - 2032.....	4,545,000	815,280	2,002,250	158,421	7,520,951
2033 - 2037.....	2,705,000	213,203	588,900	9,693	3,516,796
<b>Total</b>	<b>\$ 22,810,000</b>	<b>\$ 6,579,372</b>	<b>\$ 7,031,751</b>	<b>\$ 1,076,093</b>	<b>\$ 37,497,216</b>

**9. FUND BALANCES**

**(a) Fund Balances**

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

At June 30, 2017 **Nonspendable Fund Balance** consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Long-term portion of note receivable from the Greenville Public Library .....	\$ 202,458
Receivable from Capital Lease Fund which is not expected to be paid within 1 year .....	127,500
Receivable from the Salt Barn Property which is not expected to be paid within 1 year .....	<u>1,010,496</u>
<b>Total General Fund</b> .....	<b><u>1,340,454</u></b>

**School Unrestricted Fund:**

Prepaid expenditures.....	<u>146,104</u>
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**NONMAJOR GOVERNMENTAL FUNDS:**

Special Projects Fund - Prepaid expenditures .....	<u>43,815</u>
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<b>Total Nonspendable Fund Balance</b> .....	<b><u>\$1,530,373</u></b>
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CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**9. FUND BALANCES (Continued)**

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

At June 30, 2017 **Restricted Fund Balance** consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Restricted for the following in accordance with the Section C-5.07  
of the Home Rule Charter:

Land Trust Fund .....	\$ 7,525
Capital Reserve Fund.....	<u>30,100</u>
<b>Total General Fund.....</b>	<b><u>\$ 37,625</u></b>

**NONMAJOR GOVERNMENTAL FUNDS:**

**Special Revenue Funds:**

Animal control spay & neuter .....	\$ 7,500
Document Preservation & Technology Upgrades...	51,293
Fire Prevention.....	554
Historical Records.....	36,565
Police Confiscated Funds .....	22,360
Scholarships.....	4,493
Senior Center Programs .....	84,434
Police Memorials.....	799
Dog Park .....	7,840
Educations Programs – School restricted.....	118,201

**Capital Projects Fund:**

School Improvement Project.....	809,954
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**Permanent Funds:**

Cemetery Maintenance .....	<u>63,677</u>
<b>Total Nonmajor Governmental Funds.....</b>	<b><u>\$1,207,670</u></b>

At June 30, 2017 **Committed Fund Balance** consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Capital expenditures carryover.....	\$ 3,170,260
Re-appropriation of balances to 2018 expenditures ...	4,065,294
To supplement fiscal 2018 budget appropriation .....	<u>600,000</u>
<b>Total General Fund.....</b>	<b><u>\$ 7,835,554</u></b>

**School Unrestricted Fund:**

Educational programs.....	<u>\$ 1,773,479</u>
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(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**9. FUND BALANCES (Continued)**

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

At June 30, 2017 **Committed Fund Balance** consisted of the following (Continued):

**NONMAJOR GOVERNMENTAL FUNDS:**

**Special Revenue Funds:**

Animal Control.....	\$ 28,976
Animal Control Spay & Neuter .....	4,270
Public Safety – Police .....	309,469
Municipal Contingencies .....	1,632,607
Retirement Payouts (compensated absences).....	758,330
Property Revaluation .....	284,221
General Public Assistance .....	55,416
Affordable Housing .....	62,000

**Capital Project Funds:**

Green Acres Land Acquisition .....	116,414
Smithfield Historic Landmark .....	882
Open Space – Land Acquisition.....	66,285
Impact Fees – Capital Expenditures .....	1,012,395
Middle School Improvements.....	5,124
Open Space and Recreation.....	4,541
Police Equipment .....	112,161
Water District Improvements.....	18,747
Handicap Accessibility .....	10,795
Special Capital Projects .....	23,645
Capital outlays.....	1,341,640
Land Trust .....	226,841
Bryant Capital Contributions .....	189,795
Smithfield Fire Capital Outlays.....	<u>1,261,814</u>
<b>Total Nonmajor Governmental Funds.....</b>	<b><u>\$7,526,368</u></b>

At June 30, 2017 **Assigned Fund Balance** consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Supplement future tax appropriations.....	<u>\$2,422,816</u>
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The Town Council has adopted a spending policy as part of the approval of the implementation of GASB Statement 54. The Town's spending policy specifies the use of restricted resources first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit it. Additionally, the Town uses committed fund balance followed by assigned and then unassigned when expenditures are incurred for purposes for which amounts are available in each category.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**9. FUND BALANCES (Continued)**

**(b) Fund Deficits:**

The following funds had deficit fund balances (negative unassigned fund balance) at June 30, 2017:

**NONMAJOR GOVERNMENTAL FUNDS:**

Salt Barn Property .....	\$1,010,496
Capital Lease Fund .....	127,500
Planning Challenge Block Grant .....	<u>7,846</u>
<b>Total Aggregate Deficit Fund Balances .....</b>	<b><u>\$1,145,842</u></b>

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

The following individual funds had operating deficits for the year ending June 30, 2017:

**Business-Type Activities:**

Sewer Authority .....	\$ 241,719
Ice Rink.....	<u>4,944</u>
<b>Total Business-Type Activities .....</b>	<b><u>\$ 246,663</u></b>

**Non-major Governmental Funds:**

**Special Revenue Funds:**

Animal Control Fund.....	\$ 1,182
EMA .....	16,662
Planning Challenge Block Grant .....	4,465
Fire Prevention .....	1,390
Historical Records .....	1,632
Police Confiscated Fund.....	1,758
Revaluation Escrow .....	4,923
General Public Assistance.....	1,558

**Capital Project Funds:**

Special Projects Fund.....	5,740
Land Trust .....	275,200
Bryant Capital Contributions.....	41,052
School Improvement Bond .....	1,009,684
Capital Lease Fund .....	<u>127,500</u>

**Total non-major governmental activities .....** **\$1,492,746**

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**10. INTERFUND BALANCES AND TRANSFERS**

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances, reimbursement for expenditures paid by one fund on behalf of another fund, or may simply be the result of pooling financial resources to maximize investment return. The composition of interfund balances at June 30, 2017 is as follows. Interfund balances are eliminated for presentation in the Government-wide financial statements.

<b><u>Governmental Funds:</u></b>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<b>Major Governmental Funds:</b>		
General Fund.....	\$ 928,088	\$ 6,144,373
School Unrestricted Fund.....	2,610,447	-
Police Improvement Bond.....	<u>953,157</u>	<u>-</u>
<b>Total Major Governmental Funds.....</b>	<b><u>4,491,692</u></b>	<b><u>6,144,373</u></b>
<b>Non-major Governmental Funds:</b>		
Special Revenue Funds.....	2,277,135	442,512
Capital Project Funds.....	<u>1,657,691</u>	<u>1,269,769</u>
<b>Total Non-major Governmental Funds.....</b>	<b><u>3,934,826</u></b>	<b><u>1,712,281</u></b>
<b>Total governmental funds.....</b>	<b><u>8,426,518</u></b>	<b><u>7,856,654</u></b>
<b>Proprietary Funds:</b>		
Sewer Authority.....	-	728,616
Water Supply Board.....	269,522	-
Smithfield Ice Rink.....	<u>-</u>	<u>110,770</u>
<b>Total proprietary funds.....</b>	<b><u>269,522</u></b>	<b><u>839,386</u></b>
<b>TOTAL ALL FUNDS.....</b>	<b><u>\$ 8,696,040</u></b>	<b><u>\$ 8,696,040</u></b>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**10. INTERFUND BALANCES AND TRANSFERS (Continued)**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs or capital expenditures with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer Out</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Transfer Out</u>
General Fund .....		\$30,702,808	\$177,329	\$30,880,137
Enterprise Funds.....	\$ 150,000			150,000
Nonmajor Governmental Funds	<u>1,254,594</u>			<u>1,254,594</u>
<b>Total transfer in .....</b>	<b><u>\$1,404,594</u></b>	<b><u>\$30,702,808</u></b>	<b><u>\$177,329</u></b>	<b><u>\$32,284,731</u></b>

**11. DEFINED BENEFIT PENSION PLANS**

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

**General Information about the Pension Plan**

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at [www.ersri.org](http://www.ersri.org).

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

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

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Benefits provided (Continued):**

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

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

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

**General employees**

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

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**General employees (Continued)**

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

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

**Police and Fire employees**

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

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

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

**Other benefit provisions**

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

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

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

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

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

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

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

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Employees covered by benefit terms.

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	<b>General Employees (COLA) MERS Plan</b>	<b>General Employees MERS Plan</b>	<b>Police Employees MERS Plan</b>	<b>Fire Employees MERS Plan</b>
Retirees and Beneficiaries	35	77	6	0
Inactive, Nonretired Members	16	26	3	0
Active Members	70	83	42	12
<b>Total</b>	<b>121</b>	<b>186</b>	<b>51</b>	<b>12</b>

**Contributions** - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees under the COLA plan are required to contribute 2% while General employees under the non COLA plan contribute 1% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The Town of Smithfield, Rhode Island contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The contribution rates for fiscal 2017 were determined by the actuarial valuation dated June 30, 2014.

The contribution information for the fiscal year ended June 30, 2017 for the MERS Plans is as follows:

	<b>General Employees (COLA) MERS Plan</b>	<b>General Employees MERS Plan</b>	<b>Police Employees MERS Plan</b>	<b>Fire Employees MERS Plan</b>
Employer Contributions (rounded)	\$ 364,300	\$ 265,700	\$ 199,700	\$ 69,200
Covered Payroll (rounded)	\$ 3,880,000	\$ 3,499,000	\$ 3,062,100	\$ 824,200
Percentage of annual covered payroll	9.53%	7.69%	6.62%	8.54%

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

**Net Pension Liability (Asset)** - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability (Asset) at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	19 years at June 30, 2016
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	<u>General Employees</u> 3.5% to 7.5%
	<u>Police &amp; Fire Employees</u> 4% to 14%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"><li>• Male Employees, MERS General and MERS Police &amp; Fire: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.</li><li>• Female Employees, MERS General and MERS Police &amp; Fire: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.</li></ul>
Cost of Living Adjustments (COLA)	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<b>Type of Investment</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity:	38%	-
U.S. Equity	-	6.98%
International Developed	-	7.26%
International Emerging Markets	-	9.57%
Equity Hedge Funds	8%	4.10%
Private Equity	7%	10.15%
Core Fixed Income	15%	2.37%
Asbsolute Return Hedge Funds	7%	4.10%
Infrastructure	3%	5.58%
Real Estate	8%	5.33%
Other Real Return Assets:	11%	-
Master Limited Partnerships	-	4.97%
Credit	-	4.97%
Inflation Linked Bonds	-	1.76%
Cash, Overlay, Money Market	3%	0.82%
<b>Total</b>	<b>100%</b>	

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

**Discount rate** - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

<b>Changes in the Net Pension Liability (Asset)</b>			
<b>General Employees MERS COLA Plan:</b>	<b>Total Pension</b>	<b>Increase (Decrease)</b>	
	<b>Liability</b>	<b>Plan Fiduciary</b>	<b>Net Pension</b>
		<b>Net Position</b>	<b>Liability (Asset)</b>
Balances as of June 30, 2015	\$ 15,830,521	\$ 14,240,648	\$ 1,589,873
Changes for the Year:			
Service Cost	327,954	-	327,954
Interest on the total pension liability	1,172,886	-	1,172,886
Changes in benefits	-	-	-
Difference between expected and actual experience	(248,848)	-	(248,848)
Changes in assumptions	-	-	-
Employer contributions	-	372,459	(372,459)
Employee contributions	-	134,625	(134,625)
Net investment income	-	(4,844)	4,844
Benefit payments, including employee refunds	(712,041)	(712,041)	-
Administrative expense	-	(13,030)	13,030
Other changes in plan fiduciary net position	-	(62,907)	62,907
Net Changes	<u>539,951</u>	<u>(285,738)</u>	<u>825,689</u>
Balances as of June 30, 2016	<u>\$ 16,370,472</u>	<u>\$ 13,954,910</u>	<u>\$ 2,415,562</u>

<b>Changes in the Net Pension Liability (Asset)</b>			
<b>General Employees MERS Plan:</b>	<b>Total Pension</b>	<b>Increase (Decrease)</b>	
	<b>Liability</b>	<b>Plan Fiduciary</b>	<b>Net Pension</b>
		<b>Net Position</b>	<b>Liability (Asset)</b>
Balances as of June 30, 2015	\$ 12,550,500	\$ 12,269,517	\$ 280,983
Changes for the Year:			
Service Cost	290,748	-	290,748
Interest on the total pension liability	919,058	-	919,058
Changes in benefits	-	-	-
Difference between expected and actual experience	(144,625)	-	(144,625)
Changes in assumptions	-	-	-
Employer contributions	-	266,690	(266,690)
Employee contributions	-	81,209	(81,209)
Net investment income	-	2,765	(2,765)
Benefit payments, including employee refunds	(883,523)	(883,523)	-
Administrative expense	-	(17,756)	17,756
Other changes in plan fiduciary net position	-	(15,140)	15,140
Net Changes	<u>181,658</u>	<u>(565,755)</u>	<u>747,413</u>
Balances as of June 30, 2016	<u>\$ 12,732,158</u>	<u>\$ 11,703,762</u>	<u>\$ 1,028,396</u>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Police Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	\$ 13,270,748	\$ 13,113,021	\$ 157,727
Changes for the Year:			
Service Cost	523,160	-	523,160
Interest on the total pension liability	1,005,633	-	1,005,633
Changes in benefits	-	-	-
Difference between expected and actual experience	(230,013)	-	(230,013)
Changes in assumptions	-	-	-
Employer contributions	-	204,399	(204,399)
Employee contributions	-	293,689	(293,689)
Net investment income	-	(4,632)	4,632
Benefit payments, including employee refunds	(247,765)	(247,765)	-
Administrative expense	-	(12,462)	12,462
Other changes in plan fiduciary net position	-	(2)	2
Net Changes	1,051,015	233,227	817,788
Balances as of June 30, 2016	\$ 14,321,763	\$ 13,346,248	\$ 975,515

Fire Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	\$ 875,164	\$ 854,579	\$ 20,585
Changes for the Year:			
Service Cost	121,804	-	121,804
Interest on the total pension liability	70,205	-	70,205
Changes in benefits	-	-	-
Difference between expected and actual experience	(43,768)	-	(43,768)
Changes in assumptions	-	-	-
Employer contributions	-	68,903	(68,903)
Employee contributions	-	66,593	(66,593)
Net investment income	-	(344)	344
Benefit payments, including employee refunds	-	-	-
Administrative expense	-	(923)	923
Other changes in plan fiduciary net position	-	1	(1)
Net Changes	148,241	134,230	14,011
Balances as of June 30, 2016	\$ 1,023,405	\$ 988,809	\$ 34,596

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

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
General Employees MERS COLA Plan	\$ 4,126,167	\$ 2,415,562	\$ 1,015,616
General Employees MERS Plan	\$ 2,394,752	\$ 1,028,396	\$ (90,106)
Police Employees MERS Plan	\$ 2,432,590	\$ 975,515	\$ (216,620)
Fire Employees MERS Plan	\$ 137,234	\$ 34,596	\$ (49,361)

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

**Pension Expense**

For the year ended June 30, 2017 the Town of Smithfield recognized pension expense in the Government-Wide Statement of Activities of:

General Employees MERS COLA Plan	\$	517,700
General Employees MERS Plan	\$	292,700
Police Employees MERS Plan	\$	392,300
Fire Employees MERS Plan	\$	66,100

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

**General Information about the Pension Plan**

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

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

**Contributions** - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, the Town of Smithfield's School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 who must contribute 11% of their annual covered salary. The state and the Town of Smithfield are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by Town of Smithfield; the rates were 9.95% and 13.18% of annual covered payroll for the fiscal year ended June 30, 2017 for the State and Town of Smithfield, respectively. The Town of Smithfield's School Department contributed approximately \$2,500,000, \$2,462,000, and \$2,326,000 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year. The on-behalf contribution made by the State of Rhode Island for the defined benefit plan for the fiscal year ended June 30, 2017 was approximately \$1,788,000. This amount has been included in the Fund Statements as revenue and educational expenditures for fiscal 2017.

**Pension Liabilities and Pension Expense**

At June 30, 2017, the Town of Smithfield reported a liability of \$32,561,955 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the State. The amount recognized by the Town of Smithfield as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Town of Smithfield were as follows:

Town of Smithfield's proportionate share of the net pension liability.....	\$32,561,955
State of Rhode Island's proportionate share of the net pension liability associated with the Town of Smithfield .....	<u>22,300,158</u>
<b>Total net pension liability.....</b>	<b><u>\$54,862,113</u></b>

The net pension liability was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The Town of Smithfield's proportion of the net pension liability was based on a projection of the Town of Smithfield's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2016 the Town of Smithfield's proportion was 1.09137285%.

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

For the year ended June 30, 2017 the Town of Smithfield recognized gross pension expense in the Government-wide financial statements of approximately \$5,193,700 and operating grants and contributions for education of \$1,866,700 for support provided by the State.

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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

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

**General Information about the Pension Plan**

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

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

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**General Information about the Pension Plan (Continued)**

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

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

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

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

The Town of Smithfield's School Department contributed approximately \$23,100, \$23,100, and \$22,200 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

**Pension Liabilities/Assets and Pension Expense**

At June 30, 2017 the Town of Smithfield reported an asset of \$3,682,287 for its proportionate share of the net pension asset related to its participation in TSB plan. The net pension asset was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Town of Smithfield's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016 the Town of Smithfield's proportion was 3.698%.

For the year ended June 30, 2017 the Town of Smithfield recognized pension expense in the Government-wide financial statements of approximately (\$46,400) – an increase in the net pension asset.

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

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

The actuarial assumptions used in the June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2014.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

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

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<b>Type of Investment</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity:	38%	-
U.S. Equity	-	6.98%
International Developed	-	7.26%
International Emerging Markets	-	9.57%
Equity Hedge Funds	8%	4.10%
Private Equity	7%	10.15%
Core Fixed Income	15%	2.37%
Asbsolute Return Hedge Funds	7%	4.10%
Infrastructure	3%	5.58%
Real Estate	8%	5.33%
Other Real Return Assets:	11%	-
Master Limited Partnerships	-	4.97%
Credit	-	4.97%
Inflation Linked Bonds	-	1.76%
Cash, Overlay, Money Market	3%	0.82%
<b>Total</b>	<b>100%</b>	

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

**Discount rate** - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>Ending Net Pension Liability (Asset)</u>		
	<u>1% Decrease</u> <u>(6.5%)</u>	<u>Current Discount Rate</u> <u>(7.5%)</u>	<u>1% Increase</u> <u>(8.5%)</u>
Teacher's Pension Plan - ERS	\$ 40,211,165	\$ 32,561,955	\$ 26,299,930
Teachers' Survivors Benefit Plan - ERS	\$ (2,921,937)	\$ (3,682,287)	\$ (4,304,391)

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

**Police Pension Trust**

The Town of Smithfield currently maintains a Police Pension Trust Fund which is administered by a private insurer and operates on a pay-as-you go basis. The plan is closed to new participants and currently includes 46 participants which include 5 disabled and 41 retirees and beneficiaries. All active members of the Town's police department were transferred into the State Municipal Plan effective July 1, 2006.

Normal retirement benefits are paid at 2.5 percent of final average salary multiplied by service up to 20 years plus 2 percent of final average salary multiplied by service in excess of 20 years, not to exceed 75 percent of final average salary. Final average salary is defined as the average annual salary for the three consecutive years producing the highest such average in the last ten years preceding normal retirement date. The normal retirement dates are as follows: Police personnel employed prior to December 1, 1987 – the earlier of age 55 or completion of 20 years of service; Police personnel employed on or after December 1, 1987 – completion of 20 years of service.

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

For the fiscal year ended June 30, 2017 the Town contributed \$2,177,643 to this plan. As noted above this plan is closed to new active employees and new participants and as a result there were no employee contributions or covered payroll for the fiscal year ended June 30, 2017.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Police Pension Trust (Continued)**

The net pension liability was determined using the actuarial methods and assumptions for the valuation of the Police Pension Fund as of a valuation date of June 30, 2017 as follows:

Investment Rate of Return .....	7.75%, net of pension plan investment expenses (based on average inflation rate of 3% and real rate of return of 4.75%)
Inflation rate .....	3.0%
Plan Administrative Expenses .....	4% increase from prior year
Actuarial Cost Method.....	Projected Unit Credit Method
Asset Valuation Method .....	IPG assets at book value all other at market. For accounting purposes fair value of assets is used.
Amortization period .....	Level dollar amount over 20-year closed period starting July 1, 2010

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

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

**Fire Pension Trust**

Fire Department employees hired prior to July 1, 2011 are covered under a single employer defined benefit pension plan which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. Retirement benefits are determined based in the average annual salary for the three consecutive years producing the highest such average in the last ten years preceding normal retirement date and includes base compensation only. Employees are eligible for retirement on the first day of the month coincident with or next following the earlier of the attainment of age 65 or completion of 20 years of service. Benefits are calculated at 2.5% of the final average salary as determined above multiplied by service up to 20 years plus 2% of final average salary multiplied by service in excess of 20 years but not more than 75% of final average salary. Employees become 100% vested in the plan upon completion of ten years of service.

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

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Fire Pension Trust (Continued)**

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

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

The payroll for employees covered under this Town administered fire pension plan for the year ended June 30, 2017 was approximately \$2,214,000. At June 30, 2017 the plan included 79 participants which were comprised of the following: 41 active participants; 30 retirees and beneficiaries, 2 terminated vested employees not yet receiving benefit, and 6 disabled employees receiving benefits.

Fire personnel are required by the plan document and contractual obligations to contribute 10% of their base earnings, not including overtime pay. The current collective bargaining agreement between the Town and fire department personnel provides that the Town contributes 22.6% for fiscal 2017. During the year ended June 30, 2017 the Town contributed approximately \$615,000 to the plan. The Town's contribution rate increases to 23.6% and 24.6% in fiscal 2018 and 2019, respectively.

The net pension liability was determined using the actuarial methods and assumptions for the valuation of the Fire Pension Fund as of a valuation date of June 30, 2017 as follows:

Investment rate of return .....	8.5%, net of investment expenses (based on average inflation of 3% and real rate of return of 5.5%)
Inflation rate .....	3.0%
Compensation increase rate .....	4.0% per annum
Retirement age.....	25% assumed to retire at 20 years of service the remainder 25 years.
Plan Administrative Expenses .....	4% increase from prior year
Actuarial Cost Method.....	Frozen Initial Liability
Amortization period .....	14 years closed period (20 years beginning 2011)
Asset Valuation Method .....	IPG assets at book value all others at market. For accounting purposes investments are valued at fair value.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Fire Pension Trust (Continued)**

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

Significant assumption changes were as follows for the June 30, 2017 valuation.

- The discount rate assumption changed from 6.16% to 6.90%.

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

**Investment Policy**

The Police and Fire Plan assets are invested at the sole discretion of John Hancock consistent with the investment policy established by John Hancock for the applicable investment classes.

**Rate of Return**

For the year ended June 30, 2017 the annual money-weighted weighted rate of return on pension plan investments, net of pension plan expense was 15.10% and 20.94% for the Police and Fire Pension Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

The long-term expected rate of return on the Police and Fire Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table (rates shown include the inflation component).

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Rate of Return (Continued)**

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

<b>Asset Class:</b>	<b>Long-Term Expected Rate of Return</b>
Domestic equity	12.2%
International equity	10.5%
Fixed income	5.7%
Real Estate	9.9%
Cash	4.1%

**Concentrations**

The police and fire pension plan trust funds held investments in the following which represented 5% or more of the pension plan's fiduciary net position as of June 30, 2017.

<b>Investment:</b>	<b>Fire Pension Trust Fair Market Value</b>	<b>% of Fiduciary Net Position</b>	<b>Police Pension Trust Fair Market Value</b>	<b>% of Fiduciary Net Position</b>
John Hancock S&P 500 Index Stock Fund	\$11,703,734	49.20%	\$3,661,062	39.15%
John Hancock Diversified Stock Fund	\$11,128,078	46.78%	\$3,724,515	39.83%
John Hancock Immediate Participation Guarantee Fund			\$1,863,371	19.93%

**Net Pension Liability**

The net pension liability consisted of the following components at June 30, 2017:

<b>Component:</b>	<b>Fire Pension Trust</b>	<b>Police Pension Trust</b>
Total pension liability	\$39,030,646	\$26,567,379
Plan fiduciary net position	\$23,789,372	\$ 9,350,945
Net pension liability	\$15,241,274	\$17,216,434
Plan fiduciary net position as a percentage of the total pension liability	60.95%	35.20%

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90% and 7.75% for the Fire and Police Pension Trust Fund Plans, respectively. The projection of cash flows used to determine the discount rate assumed that Town contributions will continue to follow the pattern of contributions observed over the past five years. During that period, the Town contributed 38.2% and 100% of the cumulative recommended contribution level for the Fire and Police Pension Trust Funds, respectively. Accordingly, the fiduciary net position was projected assuming that 38.2% of future recommended contribution levels will be contributed for the Fire Pension Trust Fund (100% for the Police Pension Trust Fund). Based on those assumptions, the Police Pension Trust Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. However, based on the assumptions for the Fire Pension Trust Plan, the fiduciary net position was projected to be available to make all projected benefit payments of current plan members until the year 2062.

Due to the fact that the fiduciary net position of the Fire Pension Trust Plan is projected to be depleted by the year 2062, a municipal bond rate of 3.13% was used in the development of the blended GASB discount rate after that point. The 3.13% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index. Based on the long-term rate of return of 8.5% and the municipal bond rate of 3.13%, the blended GASB discount rate is 6.90%.

**Changes in the Net Pension Liability (Asset)**

<b>Police Pension Plan - Trust Fund</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 25,979,072	\$ 7,785,651	\$ 18,193,421
Changes for the Year:			
Service Cost	-	-	-
Interest on the total pension liability	1,941,829	-	1,941,829
Changes in benefits	-	-	-
Difference between expected and actual experience	528,002	-	528,002
Changes in assumptions	-	-	-
Employer contributions	-	2,177,643	(2,177,643)
Employee contributions	-	-	-
Net investment income	-	1,282,176	(1,282,176)
Benefit payments, including employee refunds	(1,881,524)	(1,881,524)	-
Administrative expense	-	(13,001)	13,001
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>588,307</u>	<u>1,565,294</u>	<u>(976,987)</u>
Balances as of June 30, 2017	<u>\$ 26,567,379</u>	<u>\$ 9,350,945</u>	<u>\$ 17,216,434</u>

For the year ended June 30, 2017 the Town of Smithfield recognized pension expense of \$1,720,599 in the Government-wide financial statements for the Police Pension Plan administered by the Town.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

Fire Pension Plan - Trust Fund	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease)	
		Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2016	\$ 41,247,109	\$ 20,275,092	\$ 20,972,017
Changes for the Year:			
Service Cost	926,180	-	926,180
Interest on the total pension liability	2,551,501	-	2,551,501
Changes in benefits	-	-	-
Difference between expected and actual experience	74,292	-	74,292
Changes in assumptions	(4,239,961)	-	(4,239,961)
Employer contributions	-	614,972	(614,972)
Employee contributions	-	272,054	(272,054)
Net investment income	-	4,169,226	(4,169,226)
Benefit payments, including employee refunds	(1,528,475)	(1,528,475)	-
Administrative expense	-	(13,497)	13,497
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>(2,216,463)</u>	<u>3,514,280</u>	<u>(5,730,743)</u>
Balances as of June 30, 2017	<u>\$ 39,030,646</u>	<u>\$ 23,789,372</u>	<u>\$ 15,241,274</u>

For the year ended June 30, 2017 the Town of Smithfield recognized pension expense of \$246,784 in the Government-wide financial statements for the Fire Pension Plan administered by the Town.

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

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

	Ending Net Pension Liability (Asset)		
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Police Pension Plan - Trust Fund	\$ 20,156,369	\$ 17,216,434	\$ 14,756,382
	Ending Net Pension Liability (Asset)		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Fire Pension Plan - Trust Fund	\$ 21,148,171	\$ 15,241,274	\$ 10,496,984

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

	General Employees MERS COLA Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan	Teacher's ERS Plan	Teachers' TSB Plan	Police Pension Plan	Fire Pension Plan	Total All Plan
<b>Deferred Outflows of Resources:</b>									
Contributions subsequent to measurement date	\$ 364,300	\$ 265,700	\$ 199,700	\$ 69,200	\$ 2,500,000	\$ 23,100	\$ -	\$ -	\$ 3,422,000
Difference between projected and actual earnings	900,374	763,243	839,104	57,347	2,540,984	673,536	-	-	5,774,588
Difference between projected and actual experience	93,385	-	132,575	14	-	700,986	-	59,463	986,423
Changes in assumptions	-	6,107	-	-	-	-	-	2,393,663	2,399,770
Changes in proportion and difference in employer contributions and proportion	-	-	-	-	3,061,830	122,710	-	-	3,184,540
<b>Subtotal deferred outflows of resources</b>	<b>1,358,059</b>	<b>1,035,050</b>	<b>1,171,379</b>	<b>126,561</b>	<b>8,102,814</b>	<b>1,520,332</b>	<b>-</b>	<b>2,453,126</b>	<b>15,767,321</b>
<b>Deferred Inflows of Resources:</b>									
Difference between actual and expected experience	208,081	295,607	206,733	41,206	642,465	732,031	-	182,756	2,308,879
Difference between projected and actual earnings	-	-	-	-	-	-	414,208	1,095,713	1,509,921
Changes in assumptions	85,754	-	144,977	2,014	674,504	-	-	5,791,667	6,698,916
<b>Subtotal deferred inflows of resources</b>	<b>293,835</b>	<b>295,607</b>	<b>351,710</b>	<b>43,220</b>	<b>1,316,969</b>	<b>732,031</b>	<b>414,208</b>	<b>7,070,136</b>	<b>10,517,716</b>
<b>Net Deferred Outflows (Inflows)</b>	<b>\$ 1,064,224</b>	<b>\$ 739,443</b>	<b>\$ 819,669</b>	<b>\$ 83,341</b>	<b>\$ 6,785,845</b>	<b>\$ 788,301</b>	<b>\$ (414,208)</b>	<b>\$ (4,617,010)</b>	<b>\$ 5,249,605</b>

Deferred outflows of resources related to 2017 contributions to pension plans subsequent to the measurement date (June 30, 2016 where applicable) will be recognized as a reduction of the net pension liability for the year ended June 30, 2018.

Other amounts noted above and reported as deferred outflows or inflows of resources at June 30, 2017 will be recognized as a component of pension expense over the following periods of time:

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

	<u>Net Deferred Outflows (Inflows) of Resources</u>
2018.....	\$ (158,707)
2019.....	(162,709)
2020.....	1,687,585
2021.....	194,930
2022.....	254,470
Thereafter.....	12,036
<b>Total.....</b>	<u><u>\$ 1,827,605</u></u>

**12. DEFINED CONTRIBUTION PLAN**

**Plan Description:**

General municipal, certified school, and noncertified school employees participating in the defined benefit plans administered by the State of Rhode Island with less than 20 years of service as of June 30, 2012, as described in Note 10, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% (7% for certified teachers) of their annual covered salary and employers contribute between 1% and 1.5% (3% to 3.5% for certified teachers) of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

The plan members and Town contributed approximately \$1,404,000 and \$496,000, respectively, during the fiscal year ended June 30, 2017. The employer contribution of \$496,000 consisted of approximately \$34,000 for general municipal employees, \$36,000 for noncertified school employees, and \$426,000 for certified teachers.

Although the Town (School Department) is required to contribute 3% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of 1% to 1.5% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2017 amounted to approximately \$70,500.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**12. DEFINED CONTRIBUTION PLAN (Continued)**

The Town of Smithfield recognized pension expense of approximately \$567,000 for the fiscal year ended June 30, 2017 including the amount reimbursed by the State of Rhode Island and included as on-behalf revenue.

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

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

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

(CONTINUED)



**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**13. OTHER POST EMPLOYMENT BENEFITS – OPEB TRUST**

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

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

***Town Employees (all departments)***

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

***School Employees***

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

***Number of Participants***

As of July 1, 2016 (most recent available) there were approximately 534 participants included in the valuation analysis completed by the Town's actuary. The participants consisted of 459 active plan members and 75 inactive plan members or beneficiaries currently receiving benefits.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Net OPEB Liability:**

The following is a summary of the net OPEB liability as of June 30, 2017 measured as of June 30, 2017 with a valuation date of July 1, 2016:

Total OPEB Liability	\$ 42,130,000
OPEB Plan Fiduciary Net Position	2,933,000
Net OPEB Liability	<u>\$ 39,197,000</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	<u>6.96%</u>

**Changes in the Net OPEB Liability:**

	Changes in the Net OPEB Liability		
	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2016	\$ 42,463,000	\$ 2,520,000	\$ 39,943,000
Changes for the Year:			
Service Cost	2,333,000	-	2,333,000
Interest on the total OPEB liability	1,198,000	-	1,198,000
Changes in benefits	-	-	-
Difference between expected and actual experience	(463,000)	-	(463,000)
Changes in assumptions	(2,214,000)	-	(2,214,000)
Employer contributions	-	1,321,000	(1,321,000)
Employee contributions	-	-	-
Net investment income	-	304,000	(304,000)
Benefit payments	(1,187,000)	(1,187,000)	-
Administrative expense	-	(25,000)	25,000
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>(333,000)</u>	<u>413,000</u>	<u>(746,000)</u>
Balances as of June 30, 2017	<u>\$ 42,130,000</u>	<u>\$ 2,933,000</u>	<u>\$ 39,197,000</u>

**Discount Rate:**

The projection of cash flows used to determine the discount rate assumed that the Town of Smithfield will contribute at a rate equal to the average contributions made over the most recent five year period, and that the contributions apply first to service cost of current and future plan members and then to past service costs. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees until 2019. After that time, benefit payments for current plan members will be funded in a pay-as-you go basis. The discount rate is the single equivalent rate which results in the same present value as discounting future benefit payments made from assets at the long term expected rate of return and discounting future benefit payments funded on a pay-as-you go basis on the municipal bond 20-year index rate. The single equivalent interest rate is 3.14%.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The following presents the net OPEB Liability as of June 30, 2017 calculated using an assumed discount rate of 3.14% as described above. The schedule also presents what the liability would be using a discount rate that is 1% higher and 1% lower than the current assumed rate. The assumed discount rate of 3.14% was increased from the discount rate of 2.71% which was assumed for the net OPEB liability as of the beginning of the year.

	<b>Ending Net OPEB Liability</b>		
	<b>1% Decrease (2.14%)</b>	<b>Current Discount Rate (3.14%)</b>	<b>1% Increase (4.14%)</b>
Town of Smithfield OPEB Plan	\$ 43,492,000	\$ 39,197,000	\$ 35,385,000

***Long Term Expected Rate of Return:***

The actuarial valuation as of July 1, 2016 uses a discount rate of 8% per annum, net of investment expenses and including inflation (see final discount rate utilized as discussed above). This is the long term rate of return assumption on plan assets. A cash flow analysis indicates that the assets will be sufficient to pay all future benefit payments for current participants until 2019 based on the assumed contribution policy.

The long term rate of return is based on the target asset allocation of the Fund's investment policy and was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation are as follows:

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

The annual money-weighted rate of return, net of investment expenses for the OPEB Trust Fund plan was 12.13% for fiscal 2017. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of OPEB plan investments by proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash flows are netted with external cash outflows, resulting in a net external cash flow in each month.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Healthcare Trend Rates:**

Healthcare cost trend rates refers to the change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments. The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges assumed that the inflation rate would be 8.5% in fiscal 2017 and decrease by .5% annually until fiscal 2015 at which time the inflation on the medical trend rate would be 4.5% for fiscal 2015 and future years.

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

The following presents the net OPEB Liability as of June 30, 2017 calculated using an assumed healthcare trend rate of 8.5% as described above. The schedule also presents what the liability would be using a healthcare trend rate that is 1% higher and 1% lower than the current assumed rate.

	<b>Ending Net OPEB Liability</b>		
	<b>1% Decrease 7.5% decreasing to 3.50%</b>	<b>Healthcare Trend Rate 8.5% decreasing to 4.50%</b>	<b>1% Increase 9.5% decreasing to 5.50%</b>
Town of Smithfield OPEB Plan	\$ 34,213,000	\$ 39,197,000	\$ 45,134,000

**OPEB Expense:**

For the fiscal year ended June 30, 2017 the Town's Government-Wide Statement of Activities recognized OPEB expense of approximately \$3,078,000

**Deferred Inflows of Resources Related to OPEB Plan:**

In accordance with GASB Statement No. 75, the Town of Smithfield recognized deferred inflows of resources related to its' OPEB plan at June 30, 2017 in the Government-Wide Statement of Net Position as follows:

**Deferred Inflows of Resources:**

Difference between expected and actual experience	\$ 463,000
Changes in assumptions	2,214,000
Difference between projected and actual investment earnings	99,000
<b>Total Deferred Inflows of Resources June 30, 2017</b>	<b><u>\$ 2,776,000</u></b>

The amounts noted above and reported as deferred inflows of resources at June 30, 2017 will be recognized as a component of OPEB expense in the Government-Wide Statement of Activities over the following periods of time:

- Closed 5 year period beginning in the current period for the deferred inflows of resources related to the difference between projected and actual investment earnings.
- Changes in assumptions and difference between expected and actual experience will be amortized over a closed period of time (10.59 years) equal to the remaining service lives of all employees that are provided with benefits through the plan determined as of July 1, 2016 for the beginning of the measurement period ended June 30, 2017.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

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

<b>OPEB Plan</b>	<b>Deferred Inflows</b>
2018.....	\$ 272,585
2019.....	272,585
2020.....	272,585
2021.....	272,585
2022.....	272,585
2023 to 2028.....	1,413,075
<b>Total</b>	<b>\$ 2,776,000</b>

**Assumptions:**

The following is a summary of some of the actuarial methods and assumptions related to the OPEB plan administered by the Town of Smithfield as of June 30, 2017. A complete copy of the actuarial valuation can be obtained by contacting the Town Manager's office.

Valuation date	July 1, 2016 results rolled forward to June 30, 2017
Actuarial Cost Method	Entry Age Normal, level percent of pay.
Asset Valuation Method	Market Value
Discount Rate	Single equivalent interest rate of 3.14%
Long-term expected rate of return	Discount rate assumed of 8%
Inflation Rate	3%
Salary increases	Town Employees range from 3.75% to 7.5% Public Safety Employees range from 4% to 14% School Employees range from 3.5% to 13.5%
Healthcare Cost Trends	8.5% for 2017 decreasing by .5% annually to 2025

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**14. DEFERRED COMPENSATION PLAN**

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

**15. RISK MANAGEMENT**

***Health Care***

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

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

***Unemployment***

The Town is self-insured for unemployment benefits. As of June 30, 2017 management does not believe that there are any incurred but not reported claims that are required to be accrued in the Government-Wide Statement of Net Position.

***Other Insurance***

The Town receives coverage for its property and liability expenses and for its workers' compensation expenses through The Trust. During the fiscal year ended June 30, 2017, the Town paid premiums of approximately \$164,000 and \$269,000, for its workers' compensation and property and liability coverage, respectively. At June 30, 2017 The Trust held reserves for future payments of open cases. The Trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability were exhausted by the size of the loss or the nature of the loss would fall outside the parameter of the policy maintained by The Trust.

At June 30, 2017 management of the Town is unable to estimate the potential exposure, if any, for outstanding claims which may fall outside the parameter of the insurance policies. Accordingly no liability for claims or judgments has been reported in the Government-Wide Statement of Net Position.

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**16. COMMITMENTS AND CONTINGENCIES**

Liabilities for legal cases and other claims against the Town are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. At June 30, 2017 the Town (including the School Department) has a number of legal cases and claims in process. These cases include claims made by former employees, zoning matters brought about by taxpayers of the Town, matters pertaining to planning and development posed by property developers, and personal injury and property damage claims. Management and legal counsel have reviewed these outstanding claims and determined that the estimated liability, if any, that may result from these claims would not materially affect the basic financial statements of the Town. As such, the Statement of Net Position at June 30, 2017 does not include any liability for claims, judgments, or unasserted claims.

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

**17. RESTATEMENT**

The net position of the Governmental Activities at June 30, 2016 has been restated to reflect the cumulative effect resulting from the implementation of GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The following reflects the effect of implementation of this new accounting standard.

***Net Position, Governmental Activities:***

Balance at June 30, 2016, as originally reported .....	\$(19,685,931)
Record Net OPEB Liability at June 30, 2016.....	(39,943,000)
Add back Net OPEB Obligation recorded at June 30, 2016.....	<u>6,401,612</u>
Balance at June 30, 2016, as restated .....	<u>\$(53,227,319)</u>

***Total Net Position, Government-wide Statement of Activities:***

Balance at June 30, 2016, as original reported.....	\$ 854,550
Net decrease in net position as noted above .....	<u>(33,541,388)</u>
Balance at June 30, 2016, as restated .....	<u>\$(32,686,838)</u>

(CONCLUDED)

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# TOWN OF SMITHFIELD

## REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budget	Revised Budget	Carryover of Prior Year Balance	Final Budget	Actual Revenues	Positive (Negative) Variance
<b>General property taxes</b>						
Property taxes	\$ 56,077,294	\$ 56,077,294	\$ -	\$ 56,077,294	\$ 56,202,307	\$ 125,013
<b>Total general property taxes</b>	<u>56,077,294</u>	<u>56,077,294</u>	<u>-</u>	<u>56,077,294</u>	<u>56,202,307</u>	<u>125,013</u>
<b>Intergovernmental revenues</b>						
State aid for education	5,798,787	5,798,787	-	5,798,787	5,887,100	88,313
School housing aid	200,000	200,000	-	200,000	517,711	317,711
Payment-in-Lieu of taxes	710,097	710,097	-	710,097	710,097	-
State hotel and meals tax	917,885	917,885	-	917,885	911,374	(6,511)
Motor vehicle phase-out	255,759	255,759	-	255,759	267,710	11,951
General State Aid	-	-	-	-	2,881	2,881
Public utilities tax	265,491	265,491	-	265,491	276,509	11,018
<b>Total intergovernmental revenues</b>	<u>8,148,019</u>	<u>8,148,019</u>	<u>-</u>	<u>8,148,019</u>	<u>8,573,382</u>	<u>425,363</u>
<b>Licenses, fees and permits</b>	<u>720,000</u>	<u>720,000</u>	<u>-</u>	<u>720,000</u>	<u>1,044,211</u>	<u>324,211</u>
<b>Interest income:</b>						
Interest - short-term investments	55,000	55,000	-	55,000	22,417	(32,583)
Interest on taxes	240,000	240,000	-	240,000	313,618	73,618
<b>Total interest income</b>	<u>295,000</u>	<u>295,000</u>	<u>-</u>	<u>295,000</u>	<u>336,035</u>	<u>41,035</u>
<b>Departmental revenue:</b>						
School department	350,000	350,000	-	350,000	361,179	11,179
Miscellaneous	90,000	90,000	-	90,000	286,856	196,856
<b>Total departmental revenues</b>	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>440,000</u>	<u>648,035</u>	<u>208,035</u>
<b>Total revenues before other financing sources</b>	<u>65,680,313</u>	<u>65,680,313</u>	<u>-</u>	<u>65,680,313</u>	<u>66,803,970</u>	<u>1,123,657</u>
<b>Other financing sources</b>						
Appropriated fund balance	600,000	600,000	4,212,109	4,812,109	4,812,109	-
Transfer from other funds	2,765,000	2,765,000	-	2,765,000	1,404,594	(1,360,406)
<b>Total other financing sources</b>	<u>3,365,000</u>	<u>3,365,000</u>	<u>4,212,109</u>	<u>7,577,109</u>	<u>6,216,703</u>	<u>(1,360,406)</u>
<b>Total revenue and other financing sources</b>	<u>69,045,313</u>	<u>69,045,313</u>	<u>4,212,109</u>	<u>73,257,422</u>	<u>73,020,673</u>	<u>(236,749)</u>

(Continued)

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
<b>General Government:</b>							
Town Administration and Solicitor	731,383	80,070	811,453	811,456	78,770	890,226	(78,773)
Building Inspectors Office	297,101	-	297,101	274,684	-	274,684	22,417
Tax Assessor's Office	203,722	-	203,722	201,103	-	201,103	2,619
Treasurer / Tax Collectors Office	459,878	-	459,878	508,441	-	508,441	(48,563)
Town Clerks Office	271,569	-	271,569	260,069	-	260,069	11,500
Town Hall expense	191,100	121,200	312,300	158,143	142,767	300,910	11,390
Municipal Planners Office & Town Engineer	342,735	381,206	723,941	292,425	404,595	697,020	26,921
Board of Canvassers/Elections	54,000	-	54,000	46,243	-	46,243	7,757
Conservation Commission/Green Acre	16,750	-	16,750	13,859	-	13,859	2,891
Town Boards and Commissions	21,745	-	21,745	10,013	-	10,013	11,732
<b>Total General Government</b>	<b>2,589,983</b>	<b>582,476</b>	<b>3,172,459</b>	<b>2,576,436</b>	<b>626,132</b>	<b>3,202,568</b>	<b>(30,109)</b>
<b>Public Safety:</b>							
Police Department	5,068,173	-	5,068,173	4,909,665	-	4,909,665	158,508
Fire Department	5,322,688	-	5,322,688	5,565,754	-	5,565,754	(243,066)
Animal Control	132,911	-	132,911	131,671	-	131,671	1,240
Emergency Management Agency	18,377	8,080	26,457	11,569	9,298	20,867	5,590
<b>Total Public Safety</b>	<b>10,542,149</b>	<b>8,080</b>	<b>10,550,229</b>	<b>10,618,659</b>	<b>9,298</b>	<b>10,627,957</b>	<b>(77,728)</b>
<b>Public Works:</b>							
Payroll and operating expense	1,533,762	-	1,533,762	1,312,455	-	1,312,455	221,307
Rubbish and recycling collection	975,000	-	975,000	1,000,971	-	1,000,971	(25,971)
Street lights	318,000	-	318,000	415,149	-	415,149	(97,149)
Hydrant service	248,335	2,201	250,536	249,021	1,515	250,536	-
Highway resurfacing	500,000	357,551	857,551	574,513	283,038	857,551	-
Highway drainage	30,000	202,694	232,694	8,907	223,269	232,176	518
Landfill program	150,000	404,360	554,360	156,579	397,781	554,360	-
<b>Total Public Works</b>	<b>3,755,097</b>	<b>966,806</b>	<b>4,721,903</b>	<b>3,717,595</b>	<b>905,603</b>	<b>4,623,198</b>	<b>98,705</b>
<b>Public Health and Assistance:</b>							
General Public Assistance	9,175	-	9,175	5,938	-	5,938	3,237
<b>Total Public Health and Assistance</b>	<b>9,175</b>	<b>-</b>	<b>9,175</b>	<b>5,938</b>	<b>-</b>	<b>5,938</b>	<b>3,237</b>

(Continued)

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
<b>Recreation:</b>							
Parks and Recreation Department	534,624	8,518	543,142	539,646	5,533	545,179	(2,037)
<b>Debt Service:</b>							
Redemption of Bonds and Notes	1,175,000	1,021,432	2,196,432	1,175,000	1,021,432	2,196,432	-
Financing cost and other use	-	114,426	114,426	1,450	112,976	114,426	-
Interest on Bonds and Notes	658,234	1,143,451	1,801,685	744,568	1,057,117	1,801,685	-
<b>Total Debt Service</b>	<u>1,833,234</u>	<u>2,279,309</u>	<u>4,112,543</u>	<u>1,921,018</u>	<u>2,191,525</u>	<u>4,112,543</u>	<u>-</u>
<b>Miscellaneous - Town:</b>							
Retirement Fund	3,490,000	-	3,490,000	3,489,358	-	3,489,358	642
Computer services	75,000	-	75,000	86,397	-	86,397	(11,397)
Technology coordinator	49,440	113,772	163,212	49,440	113,772	163,212	-
Computer operations	25,000	162,521	187,521	47,564	128,559	176,123	11,398
Social Security Taxes	985,000	-	985,000	1,001,478	-	1,001,478	(16,478)
Audit services	62,000	-	62,000	59,010	-	59,010	2,990
Unemployment Compensation	30,000	-	30,000	18,069	-	18,069	11,931
Post employment escrow	100,000	-	100,000	100,000	-	100,000	-
Insurance	595,000	-	595,000	605,616	-	605,616	(10,616)
Blue Cross/Delta Dental	3,614,000	-	3,614,000	3,340,180	-	3,340,180	273,820
Postage	40,000	-	40,000	39,880	-	39,880	120
Town aided programs	51,690	-	51,690	51,690	-	51,690	-
School Department Escrow	-	-	-	-	-	-	-
Sewer Assessments and Handicapped Access	2,000	74,684	76,684	8,168	68,516	76,684	-
Senior Activities Center	329,276	15,943	345,219	328,734	16,356	345,090	129
Reserve for Unpaid Taxes and Abatements	100,000	-	100,000	-	-	-	100,000
Capital Expenditures - prior reserves	-	-	-	317,493	-	317,493	(317,493)
<b>Total Miscellaneous - Town</b>	<u>9,548,406</u>	<u>366,920</u>	<u>9,915,326</u>	<u>9,543,077</u>	<u>327,203</u>	<u>9,870,280</u>	<u>45,046</u>
<b>Municipal Capital Improvements</b>	<u>1,444,500</u>	<u>-</u>	<u>1,444,500</u>	<u>922,604</u>	<u>-</u>	<u>922,604</u>	<u>521,896</u>

(Continued)

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Original Budgeted Expenditures</u>	<u>Carryover of Prior Year Balance</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>GAAP Reclass Budgetary Entries RUBS</u>	<u>Budget Basis Actual Expenditures</u>	<u>Positive (Negative) Variance</u>
<b>Transfers to other funds:</b>							
School unrestricted fund -appropriation	30,702,808	-	30,702,808	30,702,808	-	30,702,808	-
School miscellaneous revenue	350,000	-	350,000	361,179	-	361,179	(11,179)
State aid for education	5,798,787	-	5,798,787	5,887,100	-	5,887,100	(88,313)
East Smithfield Neighborhood Center	19,979	-	19,979	19,979	-	19,979	-
East Smithfield Public Library	519,508	-	519,508	519,508	-	519,508	-
Greenville Public Library	802,063	-	802,063	802,063	-	802,063	-
Municipal Escrow	200,000	-	200,000	-	-	-	200,000
Revaluation Escrow	25,000	-	25,000	-	-	-	25,000
Merit Escrow	100,000	-	100,000	-	-	-	100,000
Retirement Escrow	50,000	-	50,000	-	-	-	50,000
Capital Reserve Fund	220,000	-	220,000	-	-	-	220,000
Transfer to Other Funds	-	-	-	33,329	-	33,329	(33,329)
<b>Total transfers</b>	<u>38,788,145</u>	<u>-</u>	<u>38,788,145</u>	<u>38,325,966</u>	<u>-</u>	<u>38,325,966</u>	<u>462,179</u>
<b>Total Expenditures and other financing uses</b>	<u>69,045,313</u>	<u>4,212,109</u>	<u>73,257,422</u>	<u>68,170,939</u>	<u>4,065,294</u>	<u>72,236,233</u>	<u>1,021,189</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,849,734</u>	<u>\$ (4,065,294)</u>	<u>\$ 784,440</u>	<u>\$ 784,440</u>

TOWN OF SMITHFIELD, RHODE ISLAND

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

**For the Year Ended June 30, 2017**

<b>Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis (Exhibit RSI-1)</b>	\$ 784,440
Less reappropriation of fund balance and prior year RUBS which are reported as revenue for budget purposes but not reported in accordance with GAAP.	(4,812,109)
Add amounts reported as expenditures for budget purposes but which represent RUBS for carryover to future years. These are not GAAP expenditures.	4,065,294
Add net increase in fund balance for the fiscal year ended June 30, 2017 for the Inspection Fees Fund which is not considered part of the General Fund for budgetary purposes but which is consolidated into the General Fund in accordance with GAAP and Governmental Accounting Standards Board Statement #54.	2,508
<b>Excess of revenues and other financing sources over expenditures and other financing uses, GAAP basis (Exhibit B-2)</b>	<u>\$ 40,133</u>

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

For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
State aid - Intergovernmental	\$ 5,798,787	\$ 5,887,567	\$ 5,887,567	\$ -
Medicaid, Tuition, and Miscellaneous	350,000	325,000	361,179	36,179
<b>Total revenues</b>	<u>6,148,787</u>	<u>6,212,567</u>	<u>6,248,746</u>	<u>36,179</u>
<b>Expenditures:</b>				
Salaries	22,597,545	22,530,784	22,440,919	89,865
Employee benefits	8,126,037	7,906,374	7,821,010	85,364
Purchased services	5,212,994	4,765,768	4,285,748	480,020
Supplies and materials	1,198,984	1,149,815	1,076,127	73,688
Other	48,654	58,054	91,418	(33,364)
Capital outlay	75,782	621,672	499,464	122,208
<b>Total expenditures</b>	<u>37,259,996</u>	<u>37,032,467</u>	<u>36,214,686</u>	<u>817,781</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>(31,111,209)</u>	<u>(30,819,900)</u>	<u>(29,965,940)</u>	<u>853,960</u>
<b>Other financing sources (uses):</b>				
Operating transfer from Town appropriation	30,352,808	30,252,808	30,252,808	-
Operating transfer from Town for capital	450,000	450,000	450,000	-
Use of June 30, 2016 fund balance	308,401	117,092	117,092	-
<b>Total other financing sources (uses)</b>	<u>31,111,209</u>	<u>30,819,900</u>	<u>30,819,900</u>	<u>-</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,960</u>	<u>\$ 853,960</u>

**Reconciliation of Budgetary Basis to GAAP Basis:**

<b>Excess of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis (RSI-2)</b>	\$ 853,960
Less use of June 30, 2016 fund balance	(117,092)
<b>Revenues and other financing sources under expenditures and other financing uses - GAAP Basis (Exhibit B-2)</b>	<u>\$ 736,868</u>

**Note: State aid revenue and capital outlay expenditures budget and actual includes \$467 for budgetary reporting purposes. However, for GAAP reporting the \$467 is reported as a Special Revenue Fund - School Restricted - English Learner Categorical.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years is available.**



**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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<b><u>Fiscal Year Ending</u></b>	<b><u>Actuarially Determined Contribution</u></b>	<b><u>Actual Employer Contribution</u></b>	<b><u>Contribution Deficiency (Excess)</u></b>	<b><u>Covered Employee Payroll</u></b>	<b><u>Contributions as % of Covered Payroll</u></b>
6/30/2014	\$ 133,929	\$ 133,929	\$ -	\$ 2,753,917	4.86%
6/30/2015	\$ 204,685	\$ 204,685	\$ -	\$ 2,886,942	7.09%
6/30/2016	\$ 204,399	\$ 204,399	\$ -	\$ 2,947,382	6.93%

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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<b><u>Fiscal Year Ending</u></b>	<b><u>Actuarially Determined Contribution</u></b>	<b><u>Actual Employer Contribution</u></b>	<b><u>Contribution Deficiency (Excess)</u></b>	<b><u>Covered Employee Payroll</u></b>	<b><u>Contributions as % of Covered Payroll</u></b>
6/30/2014	\$ 37,684	\$ 37,684	\$ -	\$ 471,033	8.00%
6/30/2015	\$ 52,630	\$ 52,630	\$ -	\$ 544,248	9.67%
6/30/2016	\$ 68,903	\$ 68,903	\$ -	\$ 665,961	10.35%

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation. Therefore the valuation as of June 30, 2013 determined the contribution amounts for fiscal 2016.

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

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 19 years as of June 30, 2016

Asset Valuation Method: 5 year smoothed market

Investment rate of return: 7.50%

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

4% to 14% for police and fire employees

Inflation: 2.75%

Mortality: Male employees, MERS General and MERS Police and Fire:  
115% of RP-2000 Combined Healthy for Males with White Collar  
adjustments, projected with Scale AA from 2000.

Female employees, MERS General and MERS Police and Fire:  
95% of RP-2000 Combined Healthy for Females with White Collar  
adjustments, projected with Scale AA from 2000.



**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available.

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

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

**Notes:**

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only three years are available**

**TOWN OF SMITHFIELD, RHODE ISLAND**

***Required Supplementary Information  
Notes to Schedules***

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

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**Changes in benefit provisions:**

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

Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees (and teachers) and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.

Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.

MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision).

Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan based on the members years of service (an additional .25% for members with 10-15 years of service and .50% for members with 15-20 years of service) . Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.

Members who retired from a COLA eligible plan before 7/1/2012 will receive a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.

Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.

The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)

Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

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

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

**Notes:**

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

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

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

**The information in this schedule is intended to show 10 years. However as of June 30, 2017 only four years are available.**

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

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

**Notes:**

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

The information in this schedule is intended to show 10 years. However as of June 30, 2017 only four years are available.

TOWN OF SMITHFIELD, RHODE ISLAND

*Required Supplementary Information*  
*Schedules of Employer Contributions, Investment Returns, and Employer's Net Pension Liability*  
*Police and Fire Pension Plans - Fiduciary Trust Funds*  
*June 30, 2017*

**Schedule of Employer Contributions**

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

**Schedule of Investment Returns**

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

The information in these schedules is intended to show 10 years. However as of June 30, 2017 only four years are available.

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



TOWN OF SMITHFIELD, RHODE ISLAND

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

	<u>June 30,</u> <u>2017</u>
<b>Total OPEB Liability:</b>	
Service cost	\$ 2,333,000
Interest	1,198,000
Changes of benefit terms	-
Differences between expected and actual experience	(463,000)
Changes in assumptions	(2,214,000)
Net benefit payments	<u>(1,187,000)</u>
Net change in total OPEB liability	(333,000)
Total OPEB Liability - beginning of year	<u>42,463,000</u>
Total OPEB Liability - end of year	<u>42,130,000</u>
 <b>Plan Fiduciary Net Position:</b>	
Contributions to plan	1,321,000
Net investment income	304,000
Benefit payments	(1,187,000)
Investment related expense	(25,000)
Other	-
Net change in plan fiduciary net position	<u>413,000</u>
Plan fiduciary net position - beginning of year	<u>2,520,000</u>
Plan fiduciary net position - end of year	<u>2,933,000</u>
 <b>Net OPEB Liability at end of year</b>	 <b><u>\$ 39,197,000</u></b>
 Plan fiduciary net position as a percentage of the total OPEB liability	 <u>6.96%</u>
 Covered-employee payroll	 <u>\$ 30,222,000</u>
 Net OPEB liability as a percentage of covered-employee payroll	 <u>129.70%</u>

**Notes:**

There were no changes in benefits during fiscal 2017.

Changes in assumption in fiscal 2017 were related to the discount rate being increased from 2.71% at the beginning of the year liability to 3.14% for the end of the year liability.

**The information in this schedule is intended to show 10 years . However, as of June 30, 2017 only one year is available.**

**TOWN OF SMITHFIELD, RHODE ISLAND**

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

**Schedule of Employer Contributions**

Year Ended June 30	Actuarially Determined Contribution (ADC)	Contributions Related to ADC	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 1,408,000	\$ 1,513,000	\$ (105,000)	\$ 30,222,000	5.01%

**Schedule of Investment Returns**

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

The information in this schedule is intended to show 10 years . However, as of June 30, 2017 only one year is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

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

Valuation date:	July 1, 2016. Results rolled forward to June 30, 2017 for fiscal year end reporting.
Actuarial Cost Method:	Entry Age Normal, level percent of pay. Service costs are attributed through all assumed ages of exit from active service.
Asset Valuation Method:	Market values
Miscellaneous:	The valuation was prepared on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.
Discount Rate:	The discount rate is the single equivalent rate which results in the same present value as discounting future benefit payments made from assets at the long-term expected rate of return and discounting future benefit payments funded on a pay-as-you-go basis on the municipal bond 20-year index rate. The single equivalent interest rate was 3.14%.
Long-Term Expected Rate of Return:	The valuation uses a discount rate of 8% per annum, net of investment expenses and including inflation. This is the long term rate of return assumption on plan assets. The long term rate of return was based on the target asset allocation in the Fund's investment policy and was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class.
Inflation rate:	3%
Salary increases:	Town employees range from 3.75% to 7.5% ranging from 10+ years of service to 0 years. Public safety personnel range from 4% to 14% ranging from 10+ years of service to 0 years. School employees range from 3.5% to 13.5% ranging from 10+ years of service to 0 years.
Healthcare cost trends:	8.5% in 2017 decreasing by .5% annually to 4.5% in 2025 and later years.
Mortality:	For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis for Mortality Improvement Scale MP-2016.  For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2016.

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

# TOWN OF SMITHFIELD

## OTHER SUPPLEMENTARY INFORMATION



# TOWN OF SMITHFIELD

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

(CONTINUED)

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# TOWN OF SMITHFIELD

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

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

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

(CONTINUED)

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# TOWN OF SMITHFIELD

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### PERMANENT FUNDS

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

- Cemetery Fund

(CONCLUDED)

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TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017*

	<b>SPECIAL REVENUE FUNDS</b>							
	Animal Control Fund	Animal Control Spay & Neuter	Byrne Grant	Police Restricted Revenue	CDBG	Document Preservation & Tech Upgrades	EMA Radio	
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 40,610	\$ -	\$ -	\$ -	\$ -	\$ 43,734	\$ 3,924	
Cash on deposit with funding agency	-	-	-	-	-	-	-	
Accounts and other receivable, net	-	-	-	-	-	-	-	
Due from federal & state governments	-	-	966	-	8,230	-	-	
Prepays	-	-	-	-	-	-	-	
Due from other funds	-	11,845	-	310,668	-	7,559	3,965	
<b>TOTAL ASSETS</b>	<b>\$ 40,610</b>	<b>\$ 11,845</b>	<b>\$ 966</b>	<b>\$ 310,668</b>	<b>\$ 8,230</b>	<b>\$ 51,293</b>	<b>\$ 7,889</b>	
<b>LIABILITIES:</b>								
Accounts payable	\$ 851	75	\$ 966	\$ 1,199	\$ -	\$ -	\$ 5,518	
Retainage payable	-	-	-	-	-	-	-	
Accrued liabilities	-	-	-	-	-	-	2,371	
Due to other funds	10,783	-	-	-	8,230	-	-	
<b>TOTAL LIABILITIES</b>	<b>11,634</b>	<b>75</b>	<b>966</b>	<b>1,199</b>	<b>8,230</b>	<b>-</b>	<b>7,889</b>	
<b>DEFERRED INFLOW OF RESOURCES:</b>								
Unavailable fee revenue	-	-	-	-	-	-	-	
<b>FUND BALANCE:</b>								
Non-Spendable	-	-	-	-	-	-	-	
Restricted	-	7,500	-	-	-	51,293	-	
Committed	28,976	4,270	-	309,469	-	-	-	
Unassigned	-	-	-	-	-	-	-	
<b>TOTAL FUND BALANCE</b>	<b>28,976</b>	<b>11,770</b>	<b>-</b>	<b>309,469</b>	<b>-</b>	<b>51,293</b>	<b>-</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 40,610</b>	<b>\$ 11,845</b>	<b>\$ 966</b>	<b>\$ 310,668</b>	<b>\$ 8,230</b>	<b>\$ 51,293</b>	<b>\$ 7,889</b>	

(CONTINUED)



TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	<b>SPECIAL REVENUE FUNDS</b>						
	Planning Challenge Block Grant	Fire Prevention	Historical Records	Municipal Contingency Escrow	Operation Blue Riptide	Police Confiscated Funds	Retirement Escrow
<b>ASSETS:</b>							
Cash and cash equivalents	\$ -	\$ 25,076	\$ 35,296	\$ 31,415	\$ -	\$ 28,788	\$ 758,330
Cash on deposit with funding agency	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-
Due from federal & state governments	16,160	-	-	-	208	-	-
Prepays	-	-	-	-	-	-	-
Due from other funds	-	-	1,269	1,601,192	-	8,252	-
<b>TOTAL ASSETS</b>	<b>\$ 16,160</b>	<b>\$ 25,076</b>	<b>\$ 36,565</b>	<b>\$ 1,632,607</b>	<b>\$ 208</b>	<b>\$ 37,040</b>	<b>\$ 758,330</b>
<b>LIABILITIES:</b>							
Accounts payable	\$ 1,638	\$ 1,361	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	14,680	-
Due to other funds	22,368	23,161	-	-	208	-	-
<b>TOTAL LIABILITIES</b>	<b>24,006</b>	<b>24,522</b>	<b>-</b>	<b>-</b>	<b>208</b>	<b>14,680</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>							
Unavailable fee revenue	-	-	-	-	-	-	-
<b>FUND BALANCE:</b>							
Non-Spendable	-	-	-	-	-	-	-
Restricted	-	554	36,565	-	-	22,360	-
Committed	-	-	-	1,632,607	-	-	758,330
Unassigned	(7,846)	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>(7,846)</b>	<b>554</b>	<b>36,565</b>	<b>1,632,607</b>	<b>-</b>	<b>22,360</b>	<b>758,330</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 16,160</b>	<b>\$ 25,076</b>	<b>\$ 36,565</b>	<b>\$ 1,632,607</b>	<b>\$ 208</b>	<b>\$ 37,040</b>	<b>\$ 758,330</b>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	<b>SPECIAL REVENUE FUNDS</b>								
	Revaluation Escrow	RI DOT Children Passenger Safety	RI DOT Click it or Ticket	Scholarship Fund	Senior Center Grant	Bulletproof Vest	Substance Abuse Grant	RI DOH Tobacco Grant	
<b>ASSETS:</b>									
Cash and cash equivalents	\$ 289,171	\$ -	\$ -	\$ 4,493	\$ -	\$ -	\$ -	\$ -	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-	-	-	-
Due from federal & state governments	-	832	-	-	-	388	-	-	-
Prepays	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	96,768	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 289,171</b>	<b>\$ 832</b>	<b>\$ -</b>	<b>\$ 4,493</b>	<b>\$ 96,768</b>	<b>\$ 388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES:</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 851	-	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	11,483	-	-	-	-
Due to other funds	4,950	832	-	-	-	388	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,950</b>	<b>832</b>	<b>-</b>	<b>-</b>	<b>12,334</b>	<b>388</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>									
Unavailable fee revenue	-	-	-	-	-	-	-	-	-
<b>FUND BALANCE:</b>									
Non-Spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	4,493	84,434	-	-	-	-
Committed	284,221	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>284,221</b>	<b>-</b>	<b>-</b>	<b>4,493</b>	<b>84,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 289,171</b>	<b>\$ 832</b>	<b>\$ -</b>	<b>\$ 4,493</b>	<b>\$ 96,768</b>	<b>\$ 388</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	<b>SPECIAL REVENUE FUNDS</b>					
	Police Memorial Fund	General Public Assistance	Dog Park	Affordable Housing Fund	School Restricted Funds	Total Special Revenue Funds
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 799	\$ -	\$ 7,840	\$ -	\$ -	\$ 1,269,476
Cash on deposit with funding agency	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	1,397	1,397
Due from federal & state governments	-	-	-	-	370,195	396,979
Prepays	-	-	-	-	-	-
Due from other funds	-	55,416	-	62,000	118,201	2,277,135
<b>TOTAL ASSETS</b>	<b>\$ 799</b>	<b>\$ 55,416</b>	<b>\$ 7,840</b>	<b>\$ 62,000</b>	<b>\$ 489,793</b>	<b>\$ 3,944,987</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,459
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	28,534
Due to other funds	-	-	-	-	371,592	442,512
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>371,592</b>	<b>483,505</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable fee revenue	-	-	-	-	-	-
<b>FUND BALANCE:</b>						
Non-Spendable	-	-	-	-	-	-
Restricted	799	-	7,840	-	118,201	334,039
Committed	-	55,416	-	62,000	-	3,135,289
Unassigned	-	-	-	-	-	(7,846)
<b>TOTAL FUND BALANCE</b>	<b>799</b>	<b>55,416</b>	<b>7,840</b>	<b>62,000</b>	<b>118,201</b>	<b>3,461,482</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 799</b>	<b>\$ 55,416</b>	<b>\$ 7,840</b>	<b>\$ 62,000</b>	<b>\$ 489,793</b>	<b>\$ 3,944,987</b>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017*

	<b>CAPITAL PROJECT FUNDS</b>						
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Additions	Open Space & Rec. Area	
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 112,923	\$ 882	\$ 941,998	\$ -	\$ -	\$ 4,541	
Cash on deposit with funding agency	-	-	-	-	-	-	
Accounts and other receivable, net	-	-	-	-	-	-	
Due from federal & state governments	-	-	-	-	-	-	
Prepays	-	-	-	-	-	-	
Due from other funds	3,491	-	70,397	66,285	5,124	-	
<b>TOTAL ASSETS</b>	<b>\$ 116,414</b>	<b>\$ 882</b>	<b>\$ 1,012,395</b>	<b>\$ 66,285</b>	<b>\$ 5,124</b>	<b>\$ 4,541</b>	
<b>LIABILITIES:</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Retainage payable	-	-	-	-	-	-	
Accrued liabilities	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>DEFERRED INFLOW OF RESOURCES:</b>							
Unavailable fee revenue	-	-	-	-	-	-	
<b>FUND BALANCE:</b>							
Non-Spendable	-	-	-	-	-	-	
Restricted	-	-	-	-	-	-	
Committed	116,414	882	1,012,395	66,285	5,124	4,541	
Unassigned	-	-	-	-	-	-	
<b>TOTAL FUND BALANCE</b>	<b>116,414</b>	<b>882</b>	<b>1,012,395</b>	<b>66,285</b>	<b>5,124</b>	<b>4,541</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 116,414</b>	<b>\$ 882</b>	<b>\$ 1,012,395</b>	<b>\$ 66,285</b>	<b>\$ 5,124</b>	<b>\$ 4,541</b>	

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

	<b>CAPITAL PROJECT FUNDS</b>					
	<u>Police Equipment</u>	<u>Water District Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Special Projects Fund</u>	<u>Capital Reserve Fund</u>
<b>ASSETS:</b>						
Cash and cash equivalents	\$ 128,965	\$ 18,747	\$ 10,795	\$ -	\$ 122,482	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-
Accounts and other receivable, net	-	-	-	-	-	-
Due from federal & state governments	9,105	-	-	-	-	-
Prepays	-	-	-	-	43,815	-
Due from other funds	-	-	-	-	-	1,341,640
<b>TOTAL ASSETS</b>	<b>\$ 138,070</b>	<b>\$ 18,747</b>	<b>\$ 10,795</b>	<b>\$ -</b>	<b>\$ 166,297</b>	<b>\$ 1,341,640</b>
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,885	\$ -
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	25,909	-	-	1,010,496	86,952	-
<b>TOTAL LIABILITIES</b>	<b>25,909</b>	<b>-</b>	<b>-</b>	<b>1,010,496</b>	<b>98,837</b>	<b>-</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>						
Unavailable fee revenue	-	-	-	-	-	-
<b>FUND BALANCE:</b>						
Non-Spendable	-	-	-	-	43,815	-
Restricted	-	-	-	-	-	-
Committed	112,161	18,747	10,795	-	23,645	1,341,640
Unassigned	-	-	-	(1,010,496)	-	-
<b>TOTAL FUND BALANCE</b>	<b>112,161</b>	<b>18,747</b>	<b>10,795</b>	<b>(1,010,496)</b>	<b>67,460</b>	<b>1,341,640</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 138,070</b>	<b>\$ 18,747</b>	<b>\$ 10,795</b>	<b>\$ -</b>	<b>\$ 166,297</b>	<b>\$ 1,341,640</b>

(CONTINUED)

## TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	CAPITAL PROJECT FUNDS					PERMANENT FUND		Total Nonmajor Governmental Funds
	Land Trust	Bryant Capital Contributions	School Improvement Bond	Capital Lease Fund	Smithfield Fire Rescue	Total Capital Project Funds	Cemetery Fund	
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 236,581	\$ -	\$ -	\$ -	\$ 1,275,615	\$ 2,853,529	\$ 63,677	\$ 4,186,682
Cash on deposit with funding agency	-	-	819,126	-	-	819,126	-	819,126
Accounts and other receivable, net	-	19,041	-	-	110,740	129,781	-	131,178
Due from federal & state governments	-	-	-	-	-	9,105	-	406,084
Prepays	-	-	-	-	-	43,815	-	43,815
Due from other funds	-	170,754	-	-	-	1,657,691	-	3,934,826
<b>TOTAL ASSETS</b>	<b>\$ 236,581</b>	<b>\$ 189,795</b>	<b>\$ 819,126</b>	<b>\$ -</b>	<b>\$ 1,386,355</b>	<b>\$ 5,513,047</b>	<b>\$ 63,677</b>	<b>\$ 9,521,711</b>
<b>LIABILITIES:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 13,801	\$ 25,686	\$ -	\$ 38,145
Retainage payable	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	28,534
Due to other funds	9,740	-	9,172	127,500	-	1,269,769	-	1,712,281
<b>TOTAL LIABILITIES</b>	<b>9,740</b>	<b>-</b>	<b>9,172</b>	<b>127,500</b>	<b>13,801</b>	<b>1,295,455</b>	<b>-</b>	<b>1,778,960</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>								
Unavailable fee revenue	-	-	-	-	110,740	110,740	-	110,740
<b>FUND BALANCE:</b>								
Non-Spendable	-	-	-	-	-	43,815	-	43,815
Restricted	-	-	809,954	-	-	809,954	63,677	1,207,670
Committed	226,841	189,795	-	-	1,261,814	4,391,079	-	7,526,368
Unassigned	-	-	-	(127,500)	-	(1,137,996)	-	(1,145,842)
<b>TOTAL FUND BALANCE</b>	<b>226,841</b>	<b>189,795</b>	<b>809,954</b>	<b>(127,500)</b>	<b>1,261,814</b>	<b>4,106,852</b>	<b>63,677</b>	<b>7,632,011</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 236,581</b>	<b>\$ 189,795</b>	<b>\$ 819,126</b>	<b>\$ -</b>	<b>\$ 1,386,355</b>	<b>\$ 5,513,047</b>	<b>\$ 63,677</b>	<b>\$ 9,521,711</b>

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017*

<b>SPECIAL REVENUE FUNDS</b>								
	<u>Animal Control Fund</u>	<u>Animal Control Spay &amp; Neuter</u>	<u>Byrne Grant</u>	<u>Police Restricted Revenue</u>	<u>CDBG</u>	<u>Document Preservation &amp; Tech Upgrades</u>	<u>EMA Radio</u>	
<b>REVENUES:</b>								
Intergovernmental	\$ -	\$ -	\$ 12,727	\$ -	\$ 18,071	\$ -	\$ 10,181	
Fees, Fines, Charges and Assessments	743	357	-	97,940	-	23,341	-	
Interest and investment income	-	-	-	-	-	-	-	
Contributions and grants	1,356	-	-	2,854	-	-	-	
Other	-	-	-	-	-	-	-	
<b>Total revenues</b>	<b>2,099</b>	<b>357</b>	<b>12,727</b>	<b>100,794</b>	<b>18,071</b>	<b>23,341</b>	<b>10,181</b>	
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Recreation and Community Development	-	-	-	-	18,071	-	-	
Education	-	-	-	-	-	-	-	
Public Safety	-	-	12,727	22,030	-	-	26,843	
Other expenses	3,281	-	-	-	-	16,590	-	
<b>Capital outlays</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total expenditures</b>	<b>3,281</b>	<b>-</b>	<b>12,727</b>	<b>22,030</b>	<b>18,071</b>	<b>16,590</b>	<b>26,843</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,182)</b>	<b>357</b>	<b>-</b>	<b>78,764</b>	<b>-</b>	<b>6,751</b>	<b>(16,662)</b>	
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net change in fund balances</b>	<b>(1,182)</b>	<b>357</b>	<b>-</b>	<b>78,764</b>	<b>-</b>	<b>6,751</b>	<b>(16,662)</b>	
<b>Fund balances, beginning of year</b>	<b>30,158</b>	<b>11,413</b>	<b>-</b>	<b>230,705</b>	<b>-</b>	<b>44,542</b>	<b>16,662</b>	
<b>Fund balances, end of year</b>	<b>\$ 28,976</b>	<b>\$ 11,770</b>	<b>\$ -</b>	<b>\$ 309,469</b>	<b>\$ -</b>	<b>\$ 51,293</b>	<b>\$ -</b>	

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017**

	<b>SPECIAL REVENUE FUNDS</b>						
	Planning Challenge <u>Block Grant</u>	Fire <u>Prevention</u>	Historical <u>Records</u>	Municipal Contingency <u>Escrow</u>	Operation <u>Blue Riptide</u>	Police Confiscated <u>Funds</u>	Retirement <u>Escrow</u>
<b>REVENUES:</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 9,892	\$ 19,848	\$ -
Fees, Fines, Charges and Assessments	-	15,010	3,759	-	-	-	-
Interest and investment income	-	-	-	3	-	1	4,423
Contributions and grants	-	-	-	-	-	-	-
Other	-	-	-	85,710	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>15,010</u>	<u>3,759</u>	<u>85,713</u>	<u>9,892</u>	<u>19,849</u>	<u>4,423</u>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
Recreation and Community Development	4,465	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public Safety	-	16,400	-	-	9,892	21,607	-
Other expenses	-	-	5,391	-	-	-	-
<b>Capital outlays</b>	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>4,465</u>	<u>16,400</u>	<u>5,391</u>	<u>-</u>	<u>9,892</u>	<u>21,607</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,465)</u>	<u>(1,390)</u>	<u>(1,632)</u>	<u>85,713</u>	<u>-</u>	<u>(1,758)</u>	<u>4,423</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(4,465)</u>	<u>(1,390)</u>	<u>(1,632)</u>	<u>85,713</u>	<u>-</u>	<u>(1,758)</u>	<u>4,423</u>
<b>Fund balances, beginning of year</b>	<u>(3,381)</u>	<u>1,944</u>	<u>38,197</u>	<u>1,546,894</u>	<u>-</u>	<u>24,118</u>	<u>753,907</u>
<b>Fund balances, end of year</b>	<u>\$ (7,846)</u>	<u>\$ 554</u>	<u>\$ 36,565</u>	<u>\$ 1,632,607</u>	<u>\$ -</u>	<u>\$ 22,360</u>	<u>\$ 758,330</u>

(CONTINUED)



**EXHIBIT 2 (Continued)**

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017**

	<b>SPECIAL REVENUE FUNDS</b>							
	<u>Revaluation Escrow</u>	<u>RI DOT Children Passenger Safety</u>	<u>RI DOT Click it or Ticket</u>	<u>Scholarship Fund</u>	<u>Senior Center Grant</u>	<u>Bulletproof Vest</u>	<u>Substance Abuse Grant</u>	<u>RI DOH Tobacco Grant</u>
<b>REVENUES:</b>								
Intergovernmental	\$ -	\$ 11,357	\$ 4,347	\$ -	\$ -	\$ 3,413	\$ 10,425	\$ -
Fees, Fines, Charges and Assessments	-	-	-	-	17,437	-	-	-
Interest and investment income	27	-	-	1	-	-	-	-
Contributions and grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>27</b>	<b>11,357</b>	<b>4,347</b>	<b>1</b>	<b>17,437</b>	<b>3,413</b>	<b>10,425</b>	<b>-</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Recreation and Community Development	-	-	-	-	9,553	-	10,425	-
Education	-	-	-	-	-	-	-	-
Public Safety	-	11,357	4,347	-	-	3,413	-	-
Other expenses	4,950	-	-	-	-	-	-	-
<b>Capital outlays</b>	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,950</b>	<b>11,357</b>	<b>4,347</b>	<b>-</b>	<b>9,553</b>	<b>3,413</b>	<b>10,425</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,923)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7,884</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4,923)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7,884</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>289,144</b>	<b>-</b>	<b>-</b>	<b>4,492</b>	<b>76,550</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 284,221</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,493</b>	<b>\$ 84,434</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017*

<b>SPECIAL REVENUE FUNDS</b>						
	Police Memorial Fund	General Public Assistance	Dog Park	Affordable Housing Fund	School Restricted Funds	Total Special Revenue Funds
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,055,133	\$ 1,155,394
Fees, Fines, Charges and Assessments	-	-	-	62,000	-	220,587
Interest and investment income	-	-	-	-	-	4,455
Contributions and grants	-	3,476	5,421	-	61,621	74,728
Other	-	-	-	-	-	85,710
<b>Total revenues</b>	<b>-</b>	<b>3,476</b>	<b>5,421</b>	<b>62,000</b>	<b>1,116,754</b>	<b>1,540,874</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Recreation and Community Development	-	5,034	-	-	-	47,548
Education	-	-	-	-	1,058,472	1,058,472
Public Safety	-	-	-	-	-	128,616
Other expenses	-	-	3,198	-	-	33,410
<b>Capital outlays</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,290</b>	<b>51,290</b>
<b>Total expenditures</b>	<b>-</b>	<b>5,034</b>	<b>3,198</b>	<b>-</b>	<b>1,109,762</b>	<b>1,319,336</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(1,558)</b>	<b>2,223</b>	<b>62,000</b>	<b>6,992</b>	<b>221,538</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(1,558)</b>	<b>2,223</b>	<b>62,000</b>	<b>6,992</b>	<b>221,538</b>
<b>Fund balances, beginning of year</b>	<b>799</b>	<b>56,974</b>	<b>5,617</b>	<b>-</b>	<b>111,209</b>	<b>3,239,944</b>
<b>Fund balances, end of year</b>	<b>\$ 799</b>	<b>\$ 55,416</b>	<b>\$ 7,840</b>	<b>\$ 62,000</b>	<b>\$ 118,201</b>	<b>\$ 3,461,482</b>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017*

	<b>CAPITAL PROJECT FUNDS</b>					
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Addition	Open Space & Rec. Area
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	242,828	-	-	-
Interest and investment income	11	-	19	-	-	-
Contributions and grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>11</b>	<b>-</b>	<b>242,847</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Recreation and Community Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
<b>Capital outlays</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>11</b>	<b>-</b>	<b>242,847</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,891	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,902</b>	<b>-</b>	<b>242,847</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, beginning of year</b>	<b>113,512</b>	<b>882</b>	<b>769,548</b>	<b>66,285</b>	<b>5,124</b>	<b>4,541</b>
<b>Fund balances, end of year</b>	<b>\$ 116,414</b>	<b>\$ 882</b>	<b>\$ 1,012,395</b>	<b>\$ 66,285</b>	<b>\$ 5,124</b>	<b>\$ 4,541</b>

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017**

	<b>CAPITAL PROJECT FUNDS</b>					
	<u>Police Equipment</u>	<u>Water District Improvement Fee</u>	<u>Handicap Accessibility</u>	<u>Salt Barn Property</u>	<u>Special Projects Fund</u>	<u>Capital Reserve Fund</u>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	105,285	-	-	-	298,979	-
Interest and investment income	11	2	1	-	1,283	-
Contributions and grants	-	-	-	-	2,308	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>105,296</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>302,570</u>	<u>-</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
Recreation and Community Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public Safety	-	-	-	-	308,310	-
Other expenses	-	-	-	-	-	-
<b>Capital outlays</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,310</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>105,296</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>(5,740)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	24,350
Transfers out	(54,594)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(54,594)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,350</u>
<b>Net change in fund balances</b>	50,702	2	1	-	(5,740)	24,350
<b>Fund balances, beginning of year</b>	61,459	18,745	10,794	(1,010,496)	73,200	1,317,290
<b>Fund balances, end of year</b>	<u>\$ 112,161</u>	<u>\$ 18,747</u>	<u>\$ 10,795</u>	<u>\$ (1,010,496)</u>	<u>\$ 67,460</u>	<u>\$ 1,341,640</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017**

	<u>CAPITAL PROJECT FUNDS</u>					<u>PERMANENT FUND</u>	Total Nonmajor Governmental Funds	
	<u>Land Trust</u>	<u>Bryant Capital Contributions</u>	<u>School Improvement Bond</u>	<u>Capital Lease Fund</u>	<u>Smithfield Fire Rescue</u>	<u>Total Capital Project Funds</u>		<u>Cemetery Fund</u>
<b>REVENUES:</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,155,394
Fees, Fines, Charges and Assessments	544	89,523	-	-	1,231,489	1,968,648	-	2,189,235
Interest and investment income	-	-	503	-	4,253	6,083	6	10,544
Contributions and grants	-	-	-	-	-	2,308	-	77,036
Other	-	-	-	-	-	-	-	85,710
<b>Total revenues</b>	<b>544</b>	<b>89,523</b>	<b>503</b>	<b>-</b>	<b>1,235,742</b>	<b>1,977,039</b>	<b>6</b>	<b>3,517,919</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Recreation and Community Development	281,832	-	-	-	-	281,832	-	329,380
Education	-	-	-	-	-	-	-	1,058,472
Public Safety	-	-	-	-	118,805	427,115	-	555,731
Other expenses	-	-	-	-	-	-	-	33,410
<b>Capital outlays</b>	-	130,575	1,010,187	171,500	-	1,312,262	-	1,363,552
<b>Total expenditures</b>	<b>281,832</b>	<b>130,575</b>	<b>1,010,187</b>	<b>171,500</b>	<b>118,805</b>	<b>2,021,209</b>	<b>-</b>	<b>3,340,545</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(281,288)</b>	<b>(41,052)</b>	<b>(1,009,684)</b>	<b>(171,500)</b>	<b>1,116,937</b>	<b>(44,170)</b>	<b>6</b>	<b>177,374</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	6,088	-	-	44,000	100,000	177,329	-	177,329
Transfers out	-	-	-	-	(1,200,000)	(1,254,594)	-	(1,254,594)
<b>Total other financing sources (uses)</b>	<b>6,088</b>	<b>-</b>	<b>-</b>	<b>44,000</b>	<b>(1,100,000)</b>	<b>(1,077,265)</b>	<b>-</b>	<b>(1,077,265)</b>
<b>Net change in fund balances</b>	<b>(275,200)</b>	<b>(41,052)</b>	<b>(1,009,684)</b>	<b>(127,500)</b>	<b>16,937</b>	<b>(1,121,435)</b>	<b>6</b>	<b>(899,891)</b>
<b>Fund balances, beginning of year</b>	<b>502,041</b>	<b>230,847</b>	<b>1,819,638</b>	<b>-</b>	<b>1,244,877</b>	<b>5,228,287</b>	<b>63,671</b>	<b>8,531,902</b>
<b>Fund balances, end of year</b>	<b>\$ 226,841</b>	<b>\$ 189,795</b>	<b>\$ 809,954</b>	<b>\$ (127,500)</b>	<b>\$ 1,261,814</b>	<b>\$ 4,106,852</b>	<b>\$ 63,677</b>	<b>\$ 7,632,011</b>

(CONCLUDED)

# TOWN OF SMITHFIELD

## AGENCY FUNDS

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

- **Student Activities Funds**
  - **Fees In Lieu Of**
  - **Street Lighting**
  - **Soil Erosion**
-

**TOWN OF SMITHFIELD, RHODE ISLAND**Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Student Activity Funds</u></b>				
ASSETS:				
Cash	\$ 211,462	\$ 637,536	\$ 603,348	\$ 245,650
TOTAL ASSETS	<u>\$ 211,462</u>	<u>\$ 637,536</u>	<u>\$ 603,348</u>	<u>\$ 245,650</u>
LIABILITIES:				
Deposits held in custody for others	\$ 211,462	\$ 637,536	\$ 603,348	\$ 245,650
TOTAL LIABILITIES	<u>\$ 211,462</u>	<u>\$ 637,536</u>	<u>\$ 603,348</u>	<u>\$ 245,650</u>
<b><u>Fees In Lieu Of</u></b>				
ASSETS:				
Other receivables	\$ 62,000	\$ -	\$ 62,000	\$ -
TOTAL ASSETS	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>	<u>\$ -</u>
LIABILITIES:				
Deposits held in custody for others	\$ 62,000	\$ -	\$ 62,000	\$ -
TOTAL LIABILITIES	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>	<u>\$ -</u>
<b><u>Street Lighting</u></b>				
ASSETS:				
Cash	\$ 20,601	\$ 2	\$ -	\$ 20,603
TOTAL ASSETS	<u>\$ 20,601</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,603</u>
LIABILITIES:				
Deposits held in custody for others	\$ 20,601	\$ 2	\$ -	\$ 20,603
TOTAL LIABILITIES	<u>\$ 20,601</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,603</u>
<b><u>Soil Erosion</u></b>				
ASSETS:				
Cash	\$ 11,153	\$ 211,105	\$ -	\$ 222,258
Other receivables	208,100	-	204,930	3,170
TOTAL ASSETS	<u>\$ 219,253</u>	<u>\$ 211,105</u>	<u>\$ 204,930</u>	<u>\$ 225,428</u>
LIABILITIES:				
Deposits held in custody for others	219,253	\$ 17,755	\$ 11,580	\$ 225,428
TOTAL LIABILITIES	<u>\$ 219,253</u>	<u>\$ 17,755</u>	<u>\$ 11,580</u>	<u>\$ 225,428</u>
<b><u>Total - All Agency Funds</u></b>				
ASSETS:				
Cash	\$ 243,216	\$ 848,643	\$ 603,348	\$ 488,511
Other receivables	270,100	-	266,930	3,170
TOTAL ASSETS	<u>\$ 513,316</u>	<u>\$ 848,643</u>	<u>\$ 870,278</u>	<u>\$ 491,681</u>
LIABILITIES:				
Deposits held in custody for others	\$ 513,316	\$ 655,293	\$ 676,928	\$ 491,681
TOTAL LIABILITIES	<u>\$ 513,316</u>	<u>\$ 655,293</u>	<u>\$ 676,928</u>	<u>\$ 491,681</u>

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# TOWN OF SMITHFIELD

## OTHER EXHIBITS



TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet**  
**Funds Which Comprise the Town's General Fund**  
**June 30, 2017**

	General Fund	Inspection Fee Fund	Total General Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 16,499,270	\$ 91,072	\$ 16,590,342
Investments	4,805,255	-	4,805,255
Taxes, net	2,272,766	-	2,272,766
Other receivables	248,799	-	248,799
Due from federal and state governments	-	-	-
Due from other funds	928,088	-	928,088
<b>TOTAL ASSETS</b>	<b>\$ 24,754,178</b>	<b>\$ 91,072</b>	<b>\$ 24,845,250</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 578,867	\$ -	\$ 578,867
Accrued liabilities	981,070	46,225	1,027,295
Due to other funds	6,144,373	-	6,144,373
<b>TOTAL LIABILITIES</b>	<b>7,704,310</b>	<b>46,225</b>	<b>7,750,535</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Unavailable tax revenue	931,717	-	931,717
<b>FUND BALANCE:</b>			
Non-Spendable	1,340,454	-	1,340,454
Restricted	37,625	-	37,625
Committed	7,835,554	-	7,835,554
Assigned	2,422,816	-	2,422,816
Unassigned	4,481,702	44,847	4,526,549
<b>TOTAL FUND BALANCE</b>	<b>16,118,151</b>	<b>44,847</b>	<b>16,162,998</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 24,754,178</b>	<b>\$ 91,072</b>	<b>\$ 24,845,250</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Funds Which Comprise the Town's General Fund  
For the Year Ended June 30, 2017**

	General Fund	Inspection Fee Fund	Total General Fund
<b>REVENUES:</b>			
General property taxes	\$ 56,202,307	\$ -	\$ 56,202,307
Intergovernmental	2,686,282	-	2,686,282
Licenses, fees, and permits	1,044,211	2,660	1,046,871
Interest income, taxes, and investments	336,035	8	336,043
Other miscellaneous	286,856	-	286,856
<b>TOTAL REVENUES</b>	<b>60,555,691</b>	<b>2,668</b>	<b>60,558,359</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General Government	2,576,436	-	2,576,436
Public Safety	10,618,659	-	10,618,659
Public Works	3,717,595	160	3,717,755
Public Health and Assistance	5,938	-	5,938
Recreation, Senior and Neighborhood Center	888,359	-	888,359
Libraries	1,321,571	-	1,321,571
Education	234,830	-	234,830
Miscellaneous	8,896,850	-	8,896,850
<b>Debt Service:</b>			
Principal	1,338,400	-	1,338,400
Interest and other costs	747,776	-	747,776
<b>Capital:</b>			
Capital outlays	696,109	-	696,109
<b>TOTAL EXPENDITURES</b>	<b>31,042,523</b>	<b>160</b>	<b>31,042,683</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>29,513,168</b>	<b>2,508</b>	<b>29,515,676</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,404,594	-	1,404,594
Transfers out	(30,880,137)	-	(30,880,137)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(29,475,543)</b>	<b>-</b>	<b>(29,475,543)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>37,625</b>	<b>2,508</b>	<b>40,133</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>16,080,526</b>	<b>42,339</b>	<b>16,122,865</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 16,118,151</b>	<b>\$ 44,847</b>	<b>\$ 16,162,998</b>

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

TOWN OF SMITHFIELD, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Fiscal Year	Real Property Mill Rate	Property Taxes Receivable July 1, 2016	Current Year Assessment	Supplemental Addendums (Net)	Refunds and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections July 1, 2016 to June 30, 2017	Property Taxes Receivable June 30, 2017	Collections Summary			
										Subject to 60 Day Rule	Not Subject to 60 Day Rule	Subject to 60 Day Rule	Tax Revenue Recognized
										July 1, 2016 to August 31, 2016	July 1, 2016 to June 30, 2017	July 1, 2017 to August 31, 2017	FYE 6/30/2017
2017	\$16.73		\$ 56,132,554	\$ 80,050	\$ 17,153	\$ 117,248	\$ 56,112,509	\$ 53,874,510	\$ 2,237,999		\$ 53,874,510	\$ 1,317,166	\$ 55,191,676
2016	\$17.57	\$ 3,272,727	-	3,578	6,134	(19,171)	3,301,610	3,133,668	167,942	2,270,339	863,329	13,500	876,829
2015	\$17.13	221,315	-	-	120	17,577	203,858	68,341	135,517	18,443	49,898	3,061	52,959
2014	\$17.52	159,032	-	-	-	16,604	142,428	20,001	122,427	3,510	16,491	3,190	19,681
2013	\$16.02	174,027	-	-	-	11,317	162,710	42,840	119,870	35,221	7,619	535	8,154
2012	\$16.02	129,387	-	31,648	-	14,979	146,056	36,754	109,302	297	36,457	36	36,493
2011	\$15.85	123,134	-	-	-	11,198	111,936	5,421	106,515	4	5,417	1,872	7,289
2010	\$15.59	181,462	-	-	-	29,050	152,412	5,683	146,729	1,661	4,022	370	4,392
2009	\$13.98	236,766	-	-	-	23,754	213,012	417	212,595	-	417	1,064	1,481
2008	\$13.68	133,585	-	-	-	60,445	73,140	352	72,788	23	329	255	584
2007	\$13.23	98,817	-	-	-	87,479	11,338	253	11,085	-	253	-	253
2006	\$15.40	98,331	-	-	-	88,340	9,991	1,176	8,815	-	1,176	-	1,176
2005	\$14.68	126,301	-	-	-	120,742	5,559	288	5,271	-	288	-	288
Prior	various	277,109	-	-	-	158,427	118,682	1,052	117,630	-	1,052	-	1,052
Subtotal		5,231,993	\$ 56,132,554	\$ 115,276	\$ 23,407	\$ 737,989	\$ 60,765,241	\$ 57,190,756	3,574,485	\$ 2,329,498	\$ 54,861,258	\$ 1,341,049	\$ 56,202,307
Less: estimated allowance for uncollectable accounts		(1,852,333)							(1,301,719)				
<b>Net property taxes receivable</b>		<u>\$ 3,379,660</u>							<u>\$ 2,272,766</u>				

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND**

**SCHEDULE OF PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Schedule of Net Assessed Property Value by Category</u>			<u>Reconciliation of Current Year Property Tax Revenue</u>	
<u>Description of Property</u>	<u>Assessed December 31, 2015 - (2016 Tax Roll)</u>			
	<u>Valuations</u>	<u>Levy</u>		
Real Property	\$ 2,450,224,760		Current year collections	\$ 57,190,756
Exemptions on Real Property	(18,981,277)		Revenue received 60 days subsequent to fiscal year ending June 30, 2017	<u>1,341,049</u>
Net assessed value - Real Property	<u>2,431,243,483</u>	\$ 40,564,641	Subtotal	<u>58,531,805</u>
Motor Vehicles	216,195,145		Prior year revenue received in current year fiscal year ending June 30, 2016 - 60 day rule	<u>(2,329,498)</u>
Exemptions on Motor Vehicles	(43,684,741)			
Net assessed value - Motor Vehicles	<u>172,510,404</u>	6,727,624		
Tangible property	151,592,259			
Exemptions on Tangible Property	(6,049,152)			
Net assessed value - Tangible Property	<u>145,543,107</u>	8,840,289		
<b><i>Net assessed value</i></b>	<b><u>\$ 2,749,296,994</u></b>	<b><u>\$ 56,132,554</u></b>	<b><i>Current year property tax revenue</i></b>	<b><u>\$ 56,202,307</u></b>

(CONCLUDED)

Town of Smithfield  
Annual Supplemental Transparency Report (MTP2)  
Fiscal Year Ended June 30, 2017

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 55,191,676	\$ -
Last Year's Levy Tax Collection	876,829	-
Prior Years Property Tax Collection	133,802	-
Interest & Penalty	313,618	-
PILOT & Tax Treaty (excluded from levy) Collection	-	-
Other Local Property Taxes	-	-
Licenses and Permits	1,046,871	-
Fines and Forfeitures	-	-
Investment Income	26,678	-
Departmental	286,856	-
Rescue Run Revenue	1,231,489	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	49,963
Impact Aid	-	-
Medicaid	-	282,503
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	169,786
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	986,849
MV Excise Tax Reimbursement	267,710	-
State PILOT Program	710,097	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	276,509	-
Meals & Beverage Tax / Hotel Tax	911,374	-
LEA Aid	-	5,887,100
Group Home	-	-
Housing Aid Capital Projects	90,841	-
Housing Aid Bonded Debt	426,870	-
State Food Service Revenue	-	6,918
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	2,881	66,887
Other Revenue	-	442,662
Local Appropriation for Education	-	30,702,808
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
<b>Total Revenue</b>	<b>\$ 61,794,101</b>	<b>\$ 38,595,475</b>
Financing Sources: Transfer from Capital Funds	54,594	-
Financing Sources: Transfer from Other Funds	150,000	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
<b>Total Other Financing Sources</b>	<b>\$ 204,594</b>	<b>\$ -</b>

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	IT			Works	Rec	Department
Compensation- Group A	\$ 688,162	\$ 581,925	\$ 224,289	\$ -	\$ 323,883	\$ -	\$ 908,768	\$ 372,869	\$ 3,154,767
Compensation - Group B	-	-	-	-	-	-	-	-	818,491
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	5,013	325	10,518	-	2,949	-	72,064	7,258	449,212
Overtime - Group B	-	-	-	-	-	-	-	-	63,587
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	77,547	82,055	52,272	-	67,588	-	262,485	46,086	689,408
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	119,860
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	4,956	5,382	3,504	-	4,530	-	16,410	2,904	35,602
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	8,033
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	53,028	44,542	17,963	-	25,003	-	75,034	29,282	350,914
Life Insurance	1,750	1,750	778	-	972	-	3,888	778	10,498
State Defined Contribution- Group A	3,095	4,257	1,589	-	1,989	-	8,518	3,470	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	5,896
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	15,460	13,352	9,838	-	8,433	-	35,137	26,543	138,510
Other Benefits- Group B	-	-	-	-	-	-	-	-	25,299
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	2,188,325
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	45,014	42,333	15,392	-	27,387	-	95,008	28,442	199,712
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	55,858
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	686,542	180,305	2,587	-	77,182	-	578,343	56,379	17,875
Materials/Supplies	50,137	3,570	14,497	-	3,356	-	89,162	42,713	78,027
Software Licenses	133,961	-	-	-	-	-	-	-	23,696
Capital Outlays	939,994	-	-	-	-	-	16,506	14,420	54,594
Insurance	292,972	-	-	-	-	-	-	-	-
Maintenance	5,900	-	18,706	-	-	-	4,196	-	23,643
Vehicle Operations	269	-	14,626	-	313	-	181,119	35,259	99,520
Utilities	104,234	2,430	49,449	-	1,725	-	266,529	22,516	101,367
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	415,149	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	120,272	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,000,971	-	-
Claims & Settlements	17,063	-	-	-	-	-	-	-	-
Community Support	61,196	-	-	-	-	-	-	-	-
Other Operation Expenditures	-	-	-	-	-	1,321,571	156,739	19,979	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,186,291</b>	<b>\$ 962,224</b>	<b>\$ 436,008</b>	<b>\$ -</b>	<b>\$ 545,310</b>	<b>\$ 1,321,571</b>	<b>\$ 4,306,299</b>	<b>\$ 708,900</b>	<b>\$ 8,712,693</b>

EXPENDITURES	Fire	Centralized	Public Safety	Education	Debt	OPEB	Total	Education
	Department	Dispatch	Other	Appropriation			Municipal	Department
Compensation- Group A	\$ 3,958,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,213,204	\$ 17,799,992
Compensation - Group B	231,722	-	124,232	-	-	-	1,174,444	1,850,253
Compensation - Group C	-	-	-	-	-	-	-	3,454,632
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	830,953	-	-	-	-	-	1,378,292	-
Overtime - Group B	44,748	-	5,900	-	-	-	114,235	-
Overtime - Group C	-	-	-	-	-	-	-	2,359
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	850,983	-	-	-	-	-	2,128,424	2,348,240
Active Medical Insurance- Group B	81,806	-	21,641	-	-	-	223,307	185,679
Active Medical Insurance- Group C	-	-	-	-	-	-	-	895,265
Active Dental insurance- Group A	55,927	-	-	-	-	-	129,214	175,957
Active Dental Insurance- Group B	5,380	-	1,452	-	-	-	14,866	13,652
Active Dental Insurance- Group C	-	-	-	-	-	-	-	69,398
Payroll Taxes	395,757	-	9,955	-	-	-	1,001,478	576,767
Life Insurance	80,824	-	389	-	-	-	101,625	48,044
State Defined Contribution- Group A	-	-	-	-	-	-	22,919	393,739
State Defined Contribution - Group B	-	-	1,148	-	-	-	7,044	36,607
State Defined Contribution - Group C	-	-	-	-	-	-	-	32,757
Other Benefits- Group A	107,335	-	-	-	-	-	354,608	41,283
Other Benefits- Group B	-	-	3,514	-	-	-	28,812	67,501
Other Benefits- Group C	-	-	-	-	-	-	-	79,524
Local Defined Benefit Pension- Group A	541,790	-	-	-	-	-	2,730,115	-
Local Defined Benefit Pension - Group B	73,182	-	-	-	-	-	73,182	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	69,150	-	-	-	-	-	522,436	2,300,997
State Defined Benefit Pension - Group B	-	-	8,196	-	-	-	64,054	221,432
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	243,315
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	45,935	-	235	-	-	-	1,645,383	4,436,552
Materials/Supplies	204,305	-	4,797	-	-	-	490,564	487,169
Software Licenses	-	-	-	-	-	-	157,658	108,146
Capital Outlays	70,584	-	-	-	-	-	1,096,098	523,544
Insurance	-	-	-	-	-	-	292,972	131,100
Maintenance	-	-	-	-	-	-	52,445	154,354
Vehicle Operations	195,482	-	1,764	-	-	-	528,353	9,772
Utilities	84,542	-	6,087	-	-	-	638,880	648,310
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	415,149	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	120,272	-
Trash Removal & Recycling	-	-	-	-	-	-	1,000,971	-
Claims & Settlements	-	-	-	-	-	-	17,063	45,000
Community Support	-	-	-	-	-	-	61,196	2,600
Other Operation Expenditures	-	-	-	-	-	-	1,498,289	84,946
Local Appropriation for Education	-	-	-	30,702,808	-	-	30,702,808	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	685,000	-	685,000	-
Municipal Debt- Interest	-	-	-	-	486,272	-	486,272	-
School Debt- Principal	-	-	-	-	490,000	-	490,000	-
School Debt- Interest	-	-	-	-	258,295	-	258,295	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	944,371	944,371	355,796
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 7,928,945</b>	<b>\$ -</b>	<b>\$ 189,309</b>	<b>\$ 30,702,808</b>	<b>\$ 1,919,567</b>	<b>\$ 944,371</b>	<b>\$ 61,864,296</b>	<b>\$ 37,824,682</b>

Financing Uses: Transfer to Capital Funds	77,329	-
Financing Uses: Transfer to Other Funds	-	-
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	-	-
<b>Total Other Financing Uses</b>	<b>77,329</b>	<b>-</b>
<b>Net Change in Fund Balance1</b>	<b>57,070</b>	<b>770,792</b>
<b>Fund Balance1- beginning of year</b>	<b>17,367,743</b>	<b>1,449,661</b>
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	-	-
Prior period adjustments	-	-
Misc. Adjustment	-	(67,587)
<b>Fund Balance1 - beginning of year adjusted</b>	<b>17,367,743</b>	<b>1,382,074</b>
Rounding	(1)	-
<b>Fund Balance1 - end of year</b>	<b>17,424,812</b>	<b>2,152,866</b>

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



Town of Smithfield  
Combining Schedule of  
Reportable Government Services with  
Reconciliation to MTP2  
Municipal  
Fiscal Year Ended June 30, 2017

**EXHIBIT 8**

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016</b>						\$ 17,367,743		\$ 17,367,743	
<i>No funds removed from RGS for fiscal 2017</i>						-		-	
<i>No funds added to RGS for Fiscal 2017</i>						-		-	
<i>No misc. adjustments made for fiscal 2017</i>						-		-	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016 adjusted</b>						<u>\$ 17,367,743</u>		<u>\$ 17,367,743</u>	
General Fund	\$ 60,558,359	\$ 1,404,594	\$ 31,042,683	\$ 30,880,137	\$ 40,133	\$ 16,122,865	-	\$ 16,122,865	\$ 16,162,998
Fire Rescue Billing Fund	1,235,742	100,000	118,805	1,200,000	16,937	1,244,877	-	1,244,877	1,261,814
<b>Totals per audited financial statements</b>	<u>\$ 61,794,101</u>	<u>\$ 1,504,594</u>	<u>\$ 31,161,488</u>	<u>\$ 32,080,137</u>	<u>\$ 57,070</u>	<u>\$ 17,367,742</u>	<u>-</u>	<u>\$ 17,367,742</u>	<u>\$ 17,424,812</u>
<b><u>Reconciliation from financial statements to MTP2</u></b>									
Reclassify transfer of municipal appropriation to Education Dept as expenditure on MTP2	\$ -	-	\$ 30,702,808	\$ (30,702,808)	\$ -	-	-	-	-
Eliminate transfers between Funds reported on MTP2: From Fire Rescue Billing to General Fund		(1,300,000)		(1,300,000)			-		
Rounding	(0)	-	-	-	-	1	-	1	-
<b>Totals Per MTP2</b>	<u>\$ 61,794,101</u>	<u>\$ 204,594</u>	<u>\$ 61,864,296</u>	<u>\$ 77,329</u>	<u>\$ 57,070</u>	<u>\$ 17,367,743</u>	<u>-</u>	<u>\$ 17,367,743</u>	<u>\$ 17,424,812</u>

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

Town of Smithfield  
 Combining Schedule of  
 Reportable Government Services with  
 Reconciliation to MTP2  
 Education Department  
 Fiscal Year Ended June 30, 2017

**EXHIBIT 9**

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance <sup>1</sup>	Beginning Fund Fund Balance <sup>1</sup> (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance <sup>1</sup> (Deficit)	Ending Fund Balance <sup>1</sup> (Deficit)
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016</b> <i>LESS NET INVESTMENT IN CAPITAL ASSETS FOR SCHOOL LUNCH FUND AS OF JUNE 30, 2015</i>						\$ 1,449,661	-	\$ 1,449,661	
						<u>(67,587)</u>	-	<u>(67,587)</u>	
<b>Fund Balance<sup>1</sup> - per MTP-2 at June 30, 2016 adjusted</b>						<u>\$ 1,382,074</u>	-	<u>\$ 1,382,074</u>	
School Unrestricted Fund	\$ 8,181,606	\$ 30,702,808	\$ 38,147,546	\$ -	\$ 736,868	\$ 1,182,715	\$ -	\$ 1,182,715	\$ 1,919,583
Enterprise Fund <sup>1</sup>	527,634	-	509,384	-	18,250	146,703	-	146,703	164,953
SBA School Capital Project Fund	-	-	-	-	-	-	-	-	-
School Special Revenue Funds	1,116,754	-	1,109,762	-	6,992	111,209	-	111,209	118,201
<b>Totals per audited financial statements</b>	<u>\$ 9,825,994</u>	<u>\$ 30,702,808</u>	<u>\$ 39,766,692</u>	<u>\$ -</u>	<u>\$ 762,110</u>	<u>\$ 1,440,627</u>	<u>\$ -</u>	<u>\$ 1,440,627</u>	<u>\$ 2,202,737</u>
<b>Reconciliation from financial statements to MTP2</b>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 30,702,808	\$ (30,702,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue & expenditures on financial statements only	(1,859,000)	-	(1,859,000)	-	-	-	-	-	-
State contributions on behalf transportation reported as revenue and expenditures on financial statements only	(74,327)	-	(74,327)	-	-	-	-	-	-
Depreciation Expenses recognized on Financial Statements NOT recognized for MTP2 or UCOA and NET INVESTMENT IN CAPITAL ASSETS FOR SCHOOL LUNCH FUND AS OF JUNE 30, 2016 NOT RECOGNIZED IN UCOA	-	-	(8,683)	-	8,683	(58,554)	-	(58,554)	(49,871)
Rounding	-	-	-	-	(1)	1	-	1	0
<b>Totals Per MTP2</b>	<u>\$ 38,595,475</u>	<u>\$ -</u>	<u>\$ 37,824,682</u>	<u>\$ -</u>	<u>\$ 770,792</u>	<u>\$ 1,382,074</u>	<u>\$ -</u>	<u>\$ 1,382,074</u>	<u>\$ 2,152,866</u>
<b>Reconciliation from MTP2 to UCOA</b>									
<i>No reconciling items for fiscal 2017</i>	-	-	-	-	-	-	-	-	-
<b>Totals per UCOA Validated Totals Report</b>	<u>\$ 38,595,475</u>	<u>\$ -</u>	<u>\$ 37,824,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO SUPPLEMENTARY INFORMATION  
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)  
FISCAL YEAR ENDED JUNE 30, 2017**

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**NOTE 1. Basis of Presentation**

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

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

**NOTE 2. Reportable Government Services**

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

**NOTE 3. Allocations**

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

**NOTE 4. Employee Groups - Compensation and Benefit Costs**

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

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

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

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

(CONTINUED)

**TOWN OF SMITHFIELD, RHODE ISLAND****NOTES TO SUPPLEMENTARY INFORMATION  
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)  
FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

**NOTE 5. Education Revenue and Expenditures**

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

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

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# TOWN OF SMITHFIELD

## STATISTICAL SECTION

This part of the Town's comprehensive annual financial report presents information to supplement and provide multi-year trend information to enable readers to gain a better understanding of the Town's financial health.

**Financial Trends:** Schedules 1 through 4 contain trend information to help the reader understand changes in financial performance over a period of time.

**Revenue Capacity:** Schedules 5 through 8 contain information to help the reader assess the factors affecting the Town's ability to generate property tax revenue.

**Debt Capacity:** Schedules 9 through 12, and 18 contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

**Demographic Information:** Schedules 13 and 14 contain demographic information to help the reader understand the environment in which the Town's financial activities take place.

**Operating Information:** Schedules 15 through 17 contain information about the Town's operations and resources over a period of time.

**Other Information:** Schedules 19 and 20 contain additional information about the Town that Town Officials believe is useful to the reader of the comprehensive financial report.

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**TOWN OF SMITHFIELD, RHODE ISLAND**

**NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 19,460,357	\$ 22,780,778	\$ 27,277,016	\$ 24,860,537	\$ 20,860,670	\$ 22,580,542	\$ 23,649,502	\$ 24,868,591	\$ 29,443,616	\$ 25,498,777
Restricted	6,907,769	-	-	-	-	-	-	-	-	-
Unrestricted	4,956,251	12,201,744	9,083,365	12,823,795	13,694,278	11,378,493	9,713,283	(42,984,286)	(49,129,547)	(81,130,827)
<b>Total governmental activities net position</b>	<b>31,324,377</b>	<b>34,982,522</b>	<b>36,360,381</b>	<b>37,684,332</b>	<b>34,554,948</b>	<b>33,959,035</b>	<b>33,362,785</b>	<b>(18,115,695)</b>	<b>(19,685,931)</b>	<b>(55,632,050)</b>
<b>Business-type activities</b>										
Net investment in capital assets	17,449,695	19,932,798	19,206,025	18,805,250	16,128,289	14,831,474	14,225,333	13,998,192	13,983,221	14,238,797
Unrestricted	7,166,588	7,165,904	7,278,605	6,559,230	5,951,450	6,217,533	6,504,691	6,509,927	6,557,260	6,150,747
<b>Total business-type activities net position</b>	<b>24,616,283</b>	<b>27,098,702</b>	<b>26,484,630</b>	<b>25,364,480</b>	<b>22,079,739</b>	<b>21,049,007</b>	<b>20,730,024</b>	<b>20,508,119</b>	<b>20,540,481</b>	<b>20,389,544</b>
<b>Primary government</b>										
Net investment in capital assets	36,910,052	42,713,576	46,483,041	43,665,787	36,988,959	37,412,016	37,874,835	38,866,783	43,426,837	39,737,574
Restricted	6,907,769	-	-	-	-	-	-	-	-	-
Unrestricted	12,122,839	19,367,648	16,361,970	19,383,025	19,645,728	17,596,026	16,217,974	(36,474,359)	(42,572,287)	(74,980,080)
<b>Total primary government net position</b>	<b>\$ 55,940,660</b>	<b>\$ 62,081,224</b>	<b>\$ 62,845,011</b>	<b>\$ 63,048,812</b>	<b>\$ 56,634,687</b>	<b>\$ 55,008,042</b>	<b>\$ 54,092,809</b>	<b>\$ 2,392,424</b>	<b>\$ 854,550</b>	<b>\$ (35,242,506)</b>

Note: Fiscal years 2008 through fiscal 2011 include the net assets of the Greenville Public Library, East Smithfield Public Library, and East Smithfield Neighborhood Center as these entities were considered to be component units and reported as such. In fiscal 2012 they were removed as component units in accordance with GASB Statement #61.

Note: During the fiscal year ended June 30, 2015 the Town of Smithfield implemented GASB Statement #68

Note: During the fiscal year ended June 30, 2017 the Town of Smithfield implemented GASB Statement #75

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
**GOVERNMENTAL ACTIVITIES**  
 (accrual basis of accounting)

	<b>Fiscal Year Ended June 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 11,227,855	\$ 11,582,978	\$ 7,165,831	\$ 5,493,158	\$ 7,752,644	\$ 5,918,235	\$ 6,066,867	\$ 5,442,335	\$ 6,093,690	\$ 8,144,022
Public safety	9,194,453	9,669,768	15,133,585	14,998,929	17,429,845	17,137,904	17,179,333	15,190,320	16,897,957	16,214,772
Public works	3,707,364	3,774,761	4,048,196	4,156,445	4,351,841	4,598,921	5,028,166	5,910,910	6,683,729	6,530,032
Public Health and Assistance	39,070	510,567	590,711	7,434	7,450	8,350	8,197	5,992	7,938	5,938
Public libraries (A)	-	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079	1,321,571
Education	32,980,815	33,482,943	34,340,402	33,695,301	35,543,656	35,311,450	35,866,336	35,265,621	40,028,913	39,839,753
Recreation and Senior Activities	510,959	149,687	118,263	558,232	945,504	901,172	1,065,331	2,204,210	1,510,668	1,822,960
Interest on long-term debt	655,052	687,665	580,558	482,819	705,512	597,249	552,480	534,407	587,477	824,421
Total governmental activities	<u>58,315,568</u>	<u>59,858,369</u>	<u>61,977,546</u>	<u>59,392,318</u>	<u>67,924,186</u>	<u>65,661,015</u>	<u>66,984,444</u>	<u>65,808,060</u>	<u>73,093,450</u>	<u>74,703,469</u>
Business-type activities:										
Sewer Authority	2,277,808	2,454,077	2,353,160	2,634,652	2,568,654	2,799,184	3,299,297	3,067,255	2,835,209	3,261,790
Water Supply Board	1,052,921	1,037,189	1,007,849	1,114,814	1,127,768	1,171,217	1,336,273	1,336,587	1,281,454	1,430,372
Smithfield Ice Rink	-	-	-	617,141	613,405	608,256	664,391	650,176	709,963	716,387
School Lunch Program	-	-	-	643,678	687,068	595,761	554,776	549,031	514,881	509,384
Component Units (CU's) (A)	-	-	-	1,626,870	-	-	-	-	-	-
Smithfield Ice Rink, School Lunch & CU's	2,919,757	2,978,442	2,855,100	-	-	-	-	-	-	-
Total business-type activities	<u>6,250,486</u>	<u>6,469,708</u>	<u>6,216,109</u>	<u>6,637,155</u>	<u>4,996,895</u>	<u>5,174,418</u>	<u>5,854,737</u>	<u>5,603,049</u>	<u>5,341,507</u>	<u>5,917,933</u>
Total primary government expense	<u>\$ 64,566,054</u>	<u>\$ 66,328,077</u>	<u>\$ 68,193,655</u>	<u>\$ 66,029,473</u>	<u>\$ 72,921,081</u>	<u>\$ 70,835,433</u>	<u>\$ 72,839,181</u>	<u>\$ 71,411,109</u>	<u>\$ 78,434,957</u>	<u>\$ 80,621,402</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,387,709	\$ 1,164,132	\$ 1,029,120	\$ 821,074	\$ 1,055,693	\$ 1,132,533	\$ 1,207,224	\$ 1,164,955	\$ 1,520,598	\$ 1,689,365
Public safety	755,979	1,138,000	1,208,704	967,990	1,259,316	1,261,267	1,377,002	1,831,315	1,454,357	1,834,694
Public works	-	-	-	258,141	-	-	-	-	-	-
Public Health and Assistance	-	-	-	15,940	-	-	-	-	-	62,000
Education	-	-	-	-	360,844	356,258	253,750	238,152	311,538	332,466
Recreation and Senior Activities	-	-	-	19,375	330	3,630	355	3,147	487	17,981
Operating grants and contributions	11,074,157	9,429,523	9,491,613	7,434,000	8,085,850	7,930,129	8,416,905	7,943,116	10,044,589	9,587,133
Capital grants and contributions	-	164,612	1,260,360	846,585	883,067	394,814	119,323	213,473	56,487	26,079
Total governmental activities program revenues	<u>13,217,845</u>	<u>11,896,267</u>	<u>12,989,797</u>	<u>10,363,105</u>	<u>11,645,100</u>	<u>11,078,631</u>	<u>11,374,559</u>	<u>11,394,158</u>	<u>13,388,056</u>	<u>13,549,718</u>
Business-type activities:										
Charges for services:										
Sewer Authority	2,335,381	2,594,049	2,583,188	2,652,442	2,831,540	3,060,558	3,168,366	3,068,610	3,079,643	3,138,371
Water Supply Board	1,328,927	1,203,932	1,134,487	1,396,329	1,377,136	1,449,291	1,617,194	1,545,776	1,481,283	1,506,221
Smithfield Ice Rink	-	-	-	658,208	665,086	633,350	615,219	683,279	753,759	709,539
School Lunch Program	-	-	-	472,713	458,299	413,498	376,020	355,156	344,582	350,930
Smithfield Ice Rink, School Lunch & CU's (A)	1,499,239	1,484,425	1,651,349	95,848	-	-	-	-	-	-
Operating grants and contributions	361,042	3,694,645	246,309	455,474	182,508	191,472	215,512	208,807	183,314	176,704
Total business-type activities	<u>5,524,589</u>	<u>8,977,051</u>	<u>5,615,333</u>	<u>5,731,014</u>	<u>5,514,569</u>	<u>5,748,169</u>	<u>5,992,311</u>	<u>5,861,628</u>	<u>5,842,581</u>	<u>5,881,765</u>
Total primary government program revenues	<u>\$ 18,742,434</u>	<u>\$ 20,873,318</u>	<u>\$ 18,605,130</u>	<u>\$ 16,094,119</u>	<u>\$ 17,159,669</u>	<u>\$ 16,826,800</u>	<u>\$ 17,366,870</u>	<u>\$ 17,255,786</u>	<u>\$ 19,230,637</u>	<u>\$ 19,431,483</u>

(Continued)



**TOWN OF SMITHFIELD, RHODE ISLAND**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
**GOVERNMENTAL ACTIVITIES**  
 (accrual basis of accounting)

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (45,097,723)	\$ (47,962,102)	\$ (48,987,749)	\$ (49,029,213)	\$ (56,279,086)	\$ (54,582,384)	\$ (55,609,885)	\$ (54,413,902)	\$ (59,705,394)	\$ (61,153,751)
Business-type activities	(725,897)	2,507,343	(600,776)	(906,141)	517,674	573,751	137,574	258,579	501,074	(36,168)
Total primary government net expense	\$ (45,823,620)	\$ (45,454,759)	\$ (49,588,525)	\$ (49,935,354)	\$ (55,761,412)	\$ (54,008,633)	\$ (55,472,311)	\$ (54,155,323)	\$ (59,204,320)	\$ (61,189,919)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 45,449,278	\$ 49,119,278	\$ 49,509,411	\$ 48,534,831	\$ 50,114,109	\$ 50,944,942	\$ 52,724,340	\$ 54,525,300	\$ 55,782,572	\$ 56,793,959
State Revenue Sharing and other general grants	1,607,243	742,742	-	-	-	-	-	-	-	-
Motor vehicle phase-out taxes	-	-	-	275,060	274,622	271,301	279,144	253,182	255,759	267,710
Public Utilities (Telephone) tax	-	-	-	223,182	241,202	257,910	268,724	291,036	265,491	279,390
Hotel, meals, and beverage tax	-	-	-	632,104	669,119	702,426	781,882	815,070	864,020	911,374
Unrestricted investment earnings	547,245	678,890	503,420	423,200	377,649	404,920	459,545	429,541	467,318	346,587
Other miscellaneous	32,354	30,383	188,973	-	-	-	-	-	-	-
Transfers	30,065	203,145	163,804	264,787	1,473,000	1,476,375	500,000	500,000	500,000	150,000
Total governmental activities	47,666,185	50,774,438	50,365,608	50,353,164	53,149,701	54,057,874	55,013,635	56,814,129	58,135,160	58,749,020
Business-type activities:										
Unrestricted investment earnings	274,237	178,221	150,508	50,778	15,705	14,442	43,443	19,516	31,288	35,231
Transfers	(30,065)	(203,145)	(163,804)	(264,787)	(1,473,000)	(1,476,375)	(500,000)	(500,000)	(500,000)	(150,000)
Total business type activities	244,172	(24,924)	(13,296)	(214,009)	(1,457,295)	(1,461,933)	(456,557)	(480,484)	(468,712)	(114,769)
Total primary government	\$ 47,910,357	\$ 50,749,514	\$ 50,352,312	\$ 50,139,155	\$ 51,692,406	\$ 52,595,941	\$ 54,557,078	\$ 56,333,645	\$ 57,666,448	\$ 58,634,251
<b>Change in Net Position</b>										
Governmental activities	\$ 2,568,462	\$ 2,812,336	\$ 1,377,859	\$ 1,323,951	\$ (3,129,385)	\$ (524,510)	\$ (596,250)	\$ 2,400,227	\$ (1,570,234)	\$ (2,404,731)
Business-type activities	(481,725)	2,482,419	(614,072)	(1,120,150)	(939,621)	(888,182)	(318,983)	(221,905)	32,362	(150,937)
Total primary government	\$ 2,086,737	\$ 5,294,755	\$ 763,787	\$ 203,801	\$ (4,069,006)	\$ (1,412,692)	\$ (915,233)	\$ 2,178,322	\$ (1,537,872)	\$ (2,555,668)

(A) - In fiscal 2012 the Town adopted GASB Statement #61 and as a result the Greenville Public Library, East Smithfield Public Library and East Smithfield Neighborhood Center were no longer considered component units and as such were eliminated from the Government-wide Statements. For years prior to 2010 the Town's financial statements reported the component units, the Smithfield Ice Rink, and the School Lunch Fund as nonmajor funds and disclosed amounts in total for the aggregate of these funds. Effective with fiscal 2012 the amounts will be shown separately.

Note: During the fiscal year ended June 30, 2015 the Town of Smithfield implemented GASB Statement #68

(Concluded)

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

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
				**	**	**	**	**	**	**
<b>General Fund</b>										
Reserved	\$ 5,945,301	\$ 6,710,951	\$ 8,136,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,964,714	7,558,830	6,857,080	-	-	-	-	-	-	-
Nonspendable				149,209	260,580	249,917	1,231,691	1,237,689	1,225,584	1,340,454
Restricted				225,980	187,006	94,933	15,860	24,398	30,438	37,625
Committed				850,000	9,173,380	8,189,071	8,033,629	7,942,884	7,777,967	7,835,554
Assigned				10,962,980	3,655,987	3,850,000	3,165,000	3,180,000	3,180,000	2,422,816
Unassigned				3,097,124	3,102,422	3,159,111	3,239,287	3,372,908	3,908,877	4,526,549
<b>Total general fund</b>	<u>\$ 13,910,015</u>	<u>\$ 14,269,781</u>	<u>\$ 14,993,144</u>	<u>\$ 15,285,293</u>	<u>\$ 16,379,375</u>	<u>\$ 15,543,032</u>	<u>\$ 15,685,467</u>	<u>\$ 15,757,879</u>	<u>\$ 16,122,866</u>	<u>\$ 16,162,998</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 962,468	\$ 748,535	\$ 1,394,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,317,298	7,066,616	8,389,693	-	-	-	-	-	-	-
Capital project funds	(2,874,510)	(4,769,791)	(8,485,437)	-	-	-	-	-	-	-
Nonspendable				-	72,363	78,437	-	55,404	66,322	43,815
Restricted				63,576	282,554	326,574	356,338	374,046	2,214,940	1,207,670
Committed				4,801,598	9,653,697	9,152,145	8,606,658	8,714,952	8,447,235	7,526,368
Unassigned				-	(1,006,875)	(992,940)	(993,496)	(1,431,632)	(3,881,136)	(1,145,842)
<b>Total all other governmental funds</b>	<u>\$ 2,405,256</u>	<u>\$ 3,045,360</u>	<u>\$ 1,298,591</u>	<u>\$ 4,865,174</u>	<u>\$ 9,001,739</u>	<u>\$ 8,564,216</u>	<u>\$ 7,969,500</u>	<u>\$ 7,712,770</u>	<u>\$ 6,847,361</u>	<u>\$ 7,632,011</u>

\*\* The Town adopted GASB 54 fund balance definitions @ 6/30/11. Prior to that date these GASB classifications were not utilized.

TOWN OF SMITHFIELD, RHODE ISLAND

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

	FISCAL YEAR ENDED JUNE 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Property Taxes	\$ 46,089,144	\$ 48,402,854	\$ 49,599,927	\$ 48,535,833	\$ 49,180,933	\$ 50,437,531	\$ 52,471,399	\$ 53,704,073	\$ 55,243,808	\$ 56,202,307
Intergovernmental revenues	10,754,099	8,282,974	7,787,533	8,386,146	10,628,184	9,795,240	9,967,823	10,407,013	11,142,179	11,662,103
Licenses, Fees, Charges, Fines...	1,447,837	1,682,407	1,573,297	1,378,608	2,234,224	2,444,849	2,648,266	2,678,663	2,818,910	3,286,069
Investment Income	830,690	678,890	503,420	423,200	377,649	404,920	459,594	429,541	467,318	346,587
Other Revenue	2,339,707	2,673,628	3,628,967	1,418,406	525,872	592,228	680,969	620,096	880,711	786,897
<b>Total revenues</b>	<b>61,461,477</b>	<b>61,720,753</b>	<b>63,093,144</b>	<b>60,142,193</b>	<b>62,946,862</b>	<b>63,674,768</b>	<b>66,228,051</b>	<b>67,839,386</b>	<b>70,552,926</b>	<b>72,283,963</b>
<b>Expenditures:</b>										
Current:										
General Government	2,851,217	2,986,427	2,887,792	2,804,763	2,451,544	2,545,195	2,559,958	2,575,478	2,524,930	2,576,436
Public Safety	9,002,213	9,646,412	9,954,701	9,414,729	9,505,742	9,493,438	10,168,183	10,700,369	10,721,051	11,174,390
Public Works	2,931,036	2,970,915	2,781,149	3,041,941	2,999,330	3,278,514	3,591,685	3,121,322	3,654,021	3,717,755
Education	32,975,348	33,576,394	34,602,933	33,767,167	34,630,394	35,128,381	35,785,650	36,506,850	37,628,696	38,941,851
Libraries (A)	-	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079	1,321,571
Public Health and Assistance	39,070	45,058	38,334	7,434	7,450	8,350	8,197	5,992	7,938	5,938
Recreation, Senior & Neighborhood Center	495,196	570,794	552,910	464,250	798,384	740,680	894,182	1,529,780	1,011,640	1,217,739
Miscellaneous	7,809,494	6,736,425	6,998,640	7,812,770	8,124,581	8,905,678	8,907,491	8,583,333	9,118,190	8,930,260
Capital Expenditures	3,424,691	2,853,201	4,301,472	2,645,309	2,043,789	2,535,189	2,870,367	2,019,461	9,646,888	5,568,419
Debt Service:										
Principal	1,740,000	1,685,000	1,570,000	3,670,000	3,470,000	2,088,105	1,380,000	1,695,970	1,677,710	1,338,400
Debt Financing Costs	-	37,043	88,148	50,227	85,249	21,710	5,290	-	-	-
Interest	666,491	662,168	504,275	519,658	552,463	559,315	546,266	530,883	571,767	807,191
<b>Total expenditures</b>	<b>61,934,756</b>	<b>61,769,837</b>	<b>64,280,354</b>	<b>64,198,248</b>	<b>65,856,660</b>	<b>66,492,289</b>	<b>67,935,003</b>	<b>68,523,703</b>	<b>77,845,910</b>	<b>75,599,950</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(473,279)</b>	<b>(49,084)</b>	<b>(1,187,210)</b>	<b>(4,056,055)</b>	<b>(2,909,798)</b>	<b>(2,817,521)</b>	<b>(1,706,952)</b>	<b>(684,317)</b>	<b>(7,292,984)</b>	<b>(3,315,987)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from debt issuance	-	-	-	7,650,000	5,000,000	67,280	754,671	-	6,292,564	6,504,320
Proceeds from refunding bond issuance	-	-	-	-	4,520,000	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(2,852,555)	-	-	-	-	-
Transfers in	34,272,688	36,635,177	37,127,324	36,690,847	30,524,238	29,924,524	29,397,672	30,622,192	31,775,578	32,284,731
Transfers out	(34,236,155)	(36,432,032)	(36,963,520)	(36,426,060)	(29,051,238)	(28,448,149)	(28,897,672)	(30,122,192)	(31,275,578)	(32,134,731)
<b>Total other financing sources (uses)</b>	<b>36,533</b>	<b>203,145</b>	<b>163,804</b>	<b>7,914,787</b>	<b>8,140,445</b>	<b>1,543,655</b>	<b>1,254,671</b>	<b>500,000</b>	<b>6,792,564</b>	<b>6,654,320</b>
<b>Net change in fund balances</b>	<b>\$ (436,746)</b>	<b>\$ 154,061</b>	<b>\$ (1,023,406)</b>	<b>\$ 3,858,732</b>	<b>\$ 5,230,647</b>	<b>\$ (1,273,866)</b>	<b>\$ (452,281)</b>	<b>\$ (184,317)</b>	<b>\$ (500,420)</b>	<b>\$ 3,338,333</b>
<b>Debt service as a percentage of noncapital expenditures (1)</b>	<b>4.29%</b>	<b>4.22%</b>	<b>3.74%</b>	<b>6.94%</b>	<b>6.27%</b>	<b>4.12%</b>	<b>2.96%</b>	<b>3.35%</b>	<b>3.30%</b>	<b>3.02%</b>

Notes:

- This schedule includes expenditures of the General Fund, Special Revenue Funds, Capital Project Funds, and Permanent Funds
- (1) The percentage calculation uses the capital outlay figure from Note 1 Page 41. This differs from the Capital Improvements figure due to capitalizable items included within other functional categories of current expenditures.
- (A) - Libraries were included as component units prior to fiscal 2012 and as such the expenditure is reported as a transfer out.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year<sup>1</sup> Ended June 30</b>	<b>Real Property Assessed Value<sup>2</sup></b>	<b>Personal Property Assessed Value</b>	<b>Less: Tax Exempt Real Property</b>	<b>Less: Tax Exempt Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value Taxable Value</b>	<b>Assessed Value<sup>2</sup> as a Percentage of Actual Value</b>
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%
2012	\$ 2,801,505,058	\$ 280,780,652	\$ 362,876,213	\$ 29,049,304	\$ 2,690,360,193	\$ 18.35	\$ 3,175,977,032	97.05%
2013	\$ 2,816,937,080	\$ 295,495,888	\$ 365,398,368	\$ 33,364,045	\$ 2,713,670,555	\$ 18.60	\$ 3,275,555,639	95.02%
2014	\$ 2,605,017,818	\$ 300,793,735	\$ 346,159,779	\$ 34,713,614	\$ 2,524,938,160	\$ 20.48	\$ 3,042,734,610	95.50%
2015	\$ 2,619,157,488	\$ 353,434,553	\$ 350,192,364	\$ 47,487,058	\$ 2,574,912,619	\$ 20.88	\$ 3,109,405,901	95.60%
2016	\$ 2,634,505,210	\$ 356,739,510	\$ 351,958,162	\$ 48,076,855	\$ 2,591,209,703	\$ 25.87	\$ 3,083,757,442	97.00%
2017	\$ 2,792,970,040	\$ 367,787,405	\$ 361,726,559	\$ 49,733,892	\$ 2,749,296,994	\$ 26.29	\$ 3,327,113,100	95.00%

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

<sup>1</sup> Revaluations were conducted for Fiscal Years 2008, 2011, 2014 and 2017

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

SCHEDULE 6

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Town Operating Millage</b>	<b>School Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total Direct Tax Rate</b>
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
2012	\$ 8.01	\$ 9.79	\$ 0.55	\$ 18.35
2013	\$ 8.16	\$ 9.91	\$ 0.54	\$ 18.60
2014	\$ 9.36	\$ 10.52	\$ 0.61	\$ 20.48
2015	\$ 9.26	\$ 11.00	\$ 0.62	\$ 20.88
2016	\$ 11.53	\$ 13.63	\$ 0.71	\$ 25.87
2017	\$ 11.50	\$ 13.92	\$ 0.87	\$ 26.29

Source: Town of Smithfield, Rhode Island Finance Records

**SCHEDULE 7**

**TOWN OF SMITHEFIELD, RHODE ISLAND**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**JUNE 30, 2017**

<b><u>Taxpayer</u></b>	<b>2017</b>			<b>2008</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Fidelity Corporate Real Estate	\$ 155,549,000	1	5.52%	\$ 113,222,954	1	3.80%
National Grid (Electricity)	63,440,020	2	2.25%	61,422,400	2	2.06%
W/S Smithfield Associates, LLC	60,742,000	3	2.16%	17,009,810	5	0.57%
Smithfield Office Park	21,314,900	4	0.76%	23,538,012	3	0.79%
Village at Waterman Lake	16,283,900	5	0.58%	18,475,800	4	0.62%
Alexion Manufacturing, L.L.C.	13,912,670	6	0.49%	12,895,000	6	0.43%
Target Corp.	13,504,180	7	0.48%			
FGX International, Inc.	10,699,000	8	0.38%			
Stop & Shop Supermarket	9,575,460	9	0.34%			
Norman Realty Corporation	8,322,200	10	0.30%			
Accessories Associates, Inc.				11,862,053	7	0.40%
Citizens Bank of RI				3,784,510	8	0.13%
National Grid (Gas)				3,389,270	9	0.11%
Cox Communications				3,297,680	10	0.11%
	<u>\$ 373,343,330</u>		<u>13.25%</u>	<u>\$ 268,897,489</u>		<u>9.03%</u>
<b>Total assessed valuation (gross)</b>	<b>\$ 2,818,012,165</b>			<b>\$ 2,976,452,389</b>		

Source: Town Tax Assessor's Office

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

Fiscal Year	Taxes Levied for the Tax Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 41,966,302	\$ 37,655,824	89.73%	\$ 4,237,690	\$ 41,893,514	99.83%
2009	\$ 44,064,149	\$ 39,986,080	90.75%	\$ 3,865,474	\$ 43,851,554	99.52%
2010	\$ 46,156,583	\$ 43,822,439	94.94%	\$ 2,187,415	\$ 46,009,854	99.68%
2011	\$ 48,233,107	\$ 43,814,774	90.84%	\$ 4,311,818	\$ 48,126,592	99.78%
2012	\$ 49,357,148	\$ 45,733,515	92.66%	\$ 3,514,331	\$ 49,247,846	99.78%
2013	\$ 50,485,821	\$ 46,749,238	92.60%	\$ 3,616,713	\$ 50,365,951	99.76%
2014	\$ 51,713,919	\$ 48,620,078	94.02%	\$ 2,971,414	\$ 51,591,492	99.76%
2015	\$ 53,767,983	\$ 51,574,182	95.92%	\$ 2,058,284	\$ 53,632,466	99.75%
2016	\$ 55,094,768	\$ 51,862,555	94.13%	\$ 3,064,271	\$ 54,926,826	99.70%
2017	\$ 56,132,554	\$ 53,874,510	95.98%	\$ -	\$ 53,874,510	95.98%

**TOWN OF SMITFIELD, RHODE ISLAND**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Total Personal Income <sup>1</sup>
	General Obligation Bonds	Lease Participation Certificates	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable		
2008	\$ 10,210,000	\$ 3,900,000	\$ 315,894	\$ -	\$ 850,000	\$ 79,525	\$ 15,355,419	2.44%
2009	\$ 9,250,000	\$ 3,175,000	\$ 228,558	\$ -	\$ 801,000	\$ -	\$ 13,454,558	2.14%
2010	\$ 8,420,000	\$ 2,435,000	\$ 167,598	\$ -	\$ 1,286,848	\$ -	\$ 12,309,446	1.96%
2011 <sup>2</sup>	\$ 13,170,000	\$ 1,665,000	\$ 103,979	\$ -	\$ 1,225,000	\$ -	\$ 16,163,979	2.51%
2012	\$ 17,437,261	\$ 855,000	\$ 53,105	\$ -	\$ 5,138,101	\$ -	\$ 23,483,467	3.42%
2013	\$ 16,251,616	\$ -	\$ 43,539	\$ 227,000	\$ 8,419,101	\$ -	\$ 24,941,256	3.63%
2014	\$ 14,865,971	\$ -	\$ 777,080	\$ 227,000	\$ 8,162,101	\$ -	\$ 24,032,152	3.50%
2015	\$ 13,480,326	\$ -	\$ 461,110	\$ 206,000	\$ 7,734,651	\$ -	\$ 21,882,087	3.18%
2016	\$ 18,377,431	\$ -	\$ 163,400	\$ 184,000	\$ 7,304,201	\$ -	\$ 26,029,032	3.79%
2017	\$ 23,660,012	\$ -	\$ -	\$ 162,000	\$ 6,869,751	\$ -	\$ 30,691,763	4.47%

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

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

<sup>2</sup> Includes GO Bond Issue of \$7.65M and a partial refunding of 2003 GOB



SCHEDULE 10

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</b>	<b>Per Capita<sup>2</sup></b>
2008	\$ 10,210,000	\$ -	\$ 10,210,000	0.28%	\$ 481
2009	\$ 9,250,000	\$ -	\$ 9,250,000	0.26%	\$ 436
2010	\$ 8,420,000	\$ -	\$ 8,420,000	0.23%	\$ 397
2011 <sup>3</sup>	\$ 13,170,000	\$ -	\$ 13,170,000	0.42%	\$ 615
2012	\$ 17,437,261	\$ -	\$ 17,437,261	0.55%	\$ 809
2013	\$ 16,478,616	\$ -	\$ 16,478,616	0.50%	\$ 767
2014	\$ 15,092,971	\$ -	\$ 15,092,971	0.50%	\$ 704
2015	\$ 13,686,326	\$ -	\$ 13,686,326	0.44%	\$ 636
2016 <sup>4</sup>	\$ 18,561,431	\$ -	\$ 18,561,431	0.60%	\$ 858
2017 <sup>5</sup>	\$ 23,822,012	\$ -	\$ 23,822,012	0.72%	\$ 1,094

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

Debt Service is paid through the General Fund, the Town does not maintain a debt service fund. Except for General Obligations of Business Type Activities.

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

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

<sup>3</sup> Includes new bond issue of \$7.65M and a partial refunding of 2003 GOB

<sup>4</sup> Includes new bond issue of \$5.9M

<sup>5</sup> Includes new bond issue of \$6.075M

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2017**

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

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

**Legal Debt Margin Calculation for the Fiscal Year 2017**

Net Assessed Value	<u>\$2,749,296,994</u>
Debt Limit (3%)	\$ 82,478,910
Net Debt Applicable to limit	_____
Legal debt margin	<u>\$ 82,478,910</u>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 82,478,910	\$ 77,736,291	\$ 77,247,379	\$ 75,748,145	\$ 81,410,117	\$ 80,710,806	\$ 78,980,394	\$ 90,406,573	\$ 87,083,852	\$ 86,493,663
Total net debt applicable to limit	<u>162,000</u>	<u>184,000</u>	<u>206,000</u>	<u>227,000</u>	<u>227,000</u>	-	-	-	-	-
Legal debt margin	<u>\$ 82,316,910</u>	<u>\$ 77,552,291</u>	<u>\$ 77,041,379</u>	<u>\$ 75,521,145</u>	<u>\$ 81,183,117</u>	<u>\$ 80,710,806</u>	<u>\$ 78,980,394</u>	<u>\$ 90,406,573</u>	<u>\$ 87,083,852</u>	<u>\$ 86,493,663</u>
Total net debt applicable to the limit as a percentage of the debt limit	0.20%	0.24%	0.27%	0.30%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%

**Note:** In 2014 the Town underwent a full property revaluation  
 In 2008, 2011, and 2017 the Town underwent a statistical revaluation.  
 The Town has \$162,000 outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2  
 All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Population<sup>1</sup></b>	<b>Median Family Income<sup>1</sup></b>	<b>Median Home Price<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b> (amounts expressed in thousands)	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>2</sup></b>	<b>School Enrollment<sup>3</sup></b>	<b>Unemployment Rate<sup>4</sup></b>
2008	21,222	\$ 71,803	\$ 242,750	\$ 629,139	\$ 29,703	38.7	2,599	5.50%
2009	21,195	*	\$ 230,000	*	*	*	2,555	8.70%
2010	21,205	\$ 94,754	\$ 227,000	*	*	*	2,504	11.60%
2011	21,430	\$ 94,930	\$ 238,500	\$ 643,286	\$ 30,018	42.0	2,470	10.40%
2012	21,547	*	\$ 228,000	\$ 687,082	\$ 31,888	42.7	2,407	9.80%
2013	21,480	\$ 89,713	\$ 229,155	*	*	42.0	2,410	8.43%
2014	21,443	*	\$ 231,000	*	*	42.0	2,367	7.84%
2015	21,517	*	\$ 246,500	*	*	42.0	2,382	6.08%
2016	21,632	*	\$ 258,000	*	*	42.0	2,387	5.00%
2017	21,774	*	\$ 261,000	*	*	42.0	2,395	4.20%

Data sources

<sup>1</sup> The non-census year statistics are estimates calculated by the Rhode Island Department of Labor and Training. Most current available is 2010.  
The 2011 fiscal year census statistic is actual U.S. Census figure.

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

<sup>3</sup> Smithfield School Department

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

SCHEDULE 14

TOWN OF SMITHFIELD, RHODE ISLAND  
PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Fidelity Investments	3,900	1	26.14%	1,700	1	12.82%
Bryant University	674	2	4.52%	550	2	4.15%
Town of Smithfield	501	3	3.36%	600	4	4.53%
Citizens Bank of RI	400	4	2.68%	400	5	3.02%
FGX International	385	5	2.58%	275	7	2.07%
Alexion Pharmaceuticals	300	6	2.01%			
Village at Waterman Lake	300	7	2.01%	200	10	1.51%
The Stop & Shop Company, Inc.	300	8	2.01%	225	9	1.70%
Honeywell Industrial Safety	300	9	2.01%			
Dioptics Medical Products	250	10	1.68%			
Benny's Home & Auto Stores, Inc.				500	3	3.77%
Bacou-Dalloz Eye Protection				340	6	2.56%
The Home Depot				250	8	1.89%
Total	<u>7,310</u>		<u>49.00%</u>	<u>5,040</u>		<u>38.01%</u>

Source: Rhode Island Economic Development Corporation

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

<b>Function</b>	<b>Full-time Equivalent Employees as of June 30,</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government	34	34	32	29	29	29	29	29	29	29
Public Safety										
Police										
Officers	41	41	41	41	41	41	42	42	42	42
Civilians	13	13	12	12	12	12	12	12	12	12
Animal Control *	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters and Officers	48	48	48	48	48	48	50	52	52	52
Civilians	6	6	6	5	5	5	5	5	5	5
Ice Rink	3	3	3	3	3	3	3	3	3	3
Parks	4	4	4	4	4	4	4	4	4	4
Public Works	18	18	18	17	17	17	17	17	17	17
Senior Services	4	4	4	4	4	4	4	4	4	4
Sewer	1	1	1	1	1	1	0	0	0	0
Water	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>176</b>	<b>176</b>	<b>173</b>	<b>168</b>	<b>168</b>	<b>168</b>	<b>170</b>	<b>172</b>	<b>172</b>	<b>172</b>

\* Note: Animal Control Employees were inadvertently left out of schedule in pri  
Source: Finance Department

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Physical Arrests	947	861	822	801	704	606	659	717	629	755
Parking Violations	454	261	164	156	144	88	147	212	191	173
Traffic Violations	4,432	4,665	3,859	3,795	4,142	3,227	3,732	3,051	2,954	3,811
<b>Fire</b>										
Total Incidents	3,914	3,850	4,160	4,038	4,427	4,421	4,395	4,501	4,500	4,392
Commercial Inspections	173	204	157	175	164	176	152	167	448	165
Residential Inspections	313	305	178	227	146	194	196	278	256	276
Commercial Plan Review	82	102	59	49	67	92	69	64	94	75
Residential Plan Review	59	33	48	43	26	211	41	60	55	97
<b>Highway and Street</b>										
Street Resurfacing (miles)	2.90	3.88	2.73	1.92	0.00	1.06	0.50	0.00	1.91	1.30
<b>Sanitation</b>										
Refuse Collected (tons/day) *	21.04	24.78	24.10	25.23	25.95	23.18	20.43	19.80	19.82	20.20
Paper Recyclables Collected (tons/day)	3.91	3.91	4.74	4.93	5.06	N/A	N/A	N/A	N/A	N/A
Mixed Recyclables Collected (tons/day)	2.88	2.47	3.51	3.63	3.65	N/A	N/A	N/A	N/A	N/A
Single Stream Recyclables (tons/day) **						7.92	8.28	9.42	8.90	8.96
<b>Wastewater</b>										
Average Daily Sewage Treatment (thousands of gallons)	2,090	1,960	1,998	1,893	1,858	1,885	1,825	1,950	1,892	2,026

\* Note: Correction to Refuse Collected (tons/day) for FY 2009 due to number of collection days.

\*\* Recyclables were changed to Single Stream Recycling in FY 2013 and are no longer separated.

Sources: Various Town departments

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	27	27	27	27	27	27	27	27	27	27
Fire Stations	3	3	3	3	3	3	3	3	3	3
Highways and Streets										
Streets (miles)	183	183	183	183	183	183	183	183	183	183
Culture and recreation										
Parks	8	8	8	8	8	8	8	8	8	8
Skating Arenas	1	1	1	1	1	1	1	1	1	1
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Ball Diamonds	14	14	14	14	14	14	14	14	14	14
Playgrounds	5	5	5	5	5	5	5	5	5	5
Basketball Courts	8	8	8	8	8	8	8	8	8	8
Walking Paths	7	7	7	7	7	7	7	7	7	7
Running Tracks	1	1	1	1	1	1	1	1	1	1
Beaches	2	2	2	2	2	2	2	2	2	2

Sources: Various Town departments



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

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures <sup>1</sup>	Ratio of Total Debt Service to Total Governmental Expenditures
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%
2012	\$ 1,870,000	\$ 552,463	\$ 2,422,463	\$ 65,856,660	3.68%
2013	\$ 2,035,000	\$ 559,315	\$ 2,594,315	\$ 66,492,289	3.90%
2014	\$ 1,380,000	\$ 546,266	\$ 1,926,266	\$ 67,935,003	2.84%
2015	\$ 1,380,000	\$ 509,350	\$ 1,889,350	\$ 68,523,703	2.76%
2016	\$ 1,380,000	\$ 560,145	\$ 1,940,145	\$ 77,845,911	2.49%
2017	\$ 1,175,000	\$ 744,568	\$ 1,919,568	\$ 75,599,950	2.54%

Notes:

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

**SMITHFIELD PUBLIC SCHOOLS**

**Miscellaneous Statistics**

**June 30, 2017**

**BUILDINGS**

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

**OCTOBER STUDENT ENROLLMENT**

<b>STUDENTS</b>	<b>Fiscal Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
	2017	1,099	1,296	2,395
	2016	1,095	1,292	2,387
	2015	1,094	1,288	2,382
	2014	1,068	1,299	2,367
	2013	1,075	1,335	2,410
	2012	1,039	1,368	2,407
	2011	1,051	1,419	2,470
	2010	1,060	1,444	2,504
	2009	1,088	1,467	2,555
	2008	1,099	1,500	2,599
	2007	1,119	1,490	2,609
	2006	1,104	1,521	2,625
	2005	1,125	1,534	2,659
	2004	1,048	1,567	2,615
	2003	1,169	1,534	2,703
	2002	1,228	1,459	2,687

**STAFFING**

Administrative	<u>15.0</u>
Certified Staff:	
Instructional	156.5
ESL	0.5
Special Education	45.3
Other (Librarians, Counselors, Nurses, etc.)	<u>23.6</u>
Total Certified Staff	225.9
Non- Certified Staff	
Secretary and Clerical	18
Building and Maintenance	27
Teacher Assistants	39.5
Supervisory Aides	0
Technicians	3.0
Bus Monitors	0
Attendance Officer	<u>1.0</u>
	88.5
Total FTE's	<u><u>329.4</u></u>

Data collected from School Department

**TOWN OF SMITHFIELD, RHODE ISLAND**  
**Miscellaneous Statistics**  
**June 30, 2017**

Founded:	1636	Police Protection	
Town Incorporation:	1730	Buildings:	1
		Employees:	
		Law Enforcement	42
Type of Government:	Council / appointed Town Manager	Civilian	
		Full Time	12
Fiscal Year begins:	July 1	Part Time	6
		Crossing Guard	7
Population:			
	<u>Official US Census</u>	Recreation	
	1950      6,690	Parks	8
	1960      9,442	Playgrounds	5
	1970     13,468	Ball Diamonds	14
	1980     16,886	Soccer/Football Fields	6
	1990     19,163	Volleyball Courts	0
	2000     20,613	Skating Arenas	1
	2010     21,430	Basketball Courts	8
		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
Elections - November 2016		Parks & Recreation	2
Registered Voters	16,264	Other Municipal Employees:	61
Number of Votes Cast	10,510		
Percentage Voting	64.62%		
Fire Protection			
# Fire Stations:	3		
Employees :			
Uniformed	52		
Civilian(s)	5		
Library			
Full Time Employees	9		
Part Time Employees	35		

Data collected from various Town department:

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# TOWN OF SMITHFIELD

## SINGLE AUDIT SECTION

This section contains information regarding federal grant activity for the year ended June 30, 2017, which was audited in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

To the Town Council  
Town of Smithfield, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Smithfield, Rhode Island as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements, and have issued our report thereon dated December 29, 2017.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robert J. Civetti, CPA, LLC*

Johnston, Rhode Island  
December 29, 2017

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

To the Town Council  
Town of Smithfield, Rhode Island

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

We have audited the Town of Smithfield, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Smithfield, Rhode Island's major federal programs for the year ended June 30, 2017. The Town of Smithfield, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

In our opinion, the Town of Smithfield, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Robert J. Civetti, CPA, LLC*

Johnston, Rhode Island  
December 29, 2017

**TOWN OF SMITHFIELD, RHODE ISLAND**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Pass-Through to Subrecipients</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<b>Passed through Rhode Island Department of Education:</b>				
<i>School Lunch Cluster:</i>				
National School Lunch Program	10.555	None	\$	150,966
National School Breakfast Program	10.553	None		18,821
<i>Total School Lunch Cluster</i>			\$ -	169,787
Commodity Supplemental Food Program	10.565	None		36,801
<b>Total U.S. Department of Agriculture</b>			-	<u>206,588</u>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through Rhode Island Office of Housing and Community Development</b>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	None		18,071
<b>Total U.S. Department of Housing and Urban Development</b>			-	<u>18,071</u>
<b>U.S. Department of Justice</b>				
<b>Passed through Rhode Island Department of Health</b>				
Enforcing Underage Drinking Laws Program	16.727	None	\$	10,425
<b>Passed through Rhode Island Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0057		12,727
Bulletproof Vest Partnership Program	16.607	None		3,413
<b>Total U.S. Department of Justice</b>			10,425	<u>26,565</u>
<b>U.S. Department of Transportation</b>				
<b>Passed through Rhode Island Department of Transportation</b>				
Occupant Protection Incentive Grant	20.602	None		4,347
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	None		9,892
State and Community Highway Safety	20.600	None		11,357
<b>Total U.S. Department of Transportation</b>			-	<u>25,596</u>
<b>U.S. Department of Homeland Security</b>				
<b>Passed through Rhode Island Emergency Management Agency</b>				
Homeland Security Grant Program	97.067	None		26,843
<b>Total U.S. Department of Homeland Security</b>			-	<u>26,843</u>
<b>U.S. Department of Education</b>				
<b>Passed through Rhode Island Department of Education</b>				
<i>Special Education Cluster:</i>				
Special Education Grants to States (Project IDEA - Part B)	84.027	2725132.02.02		593,155
Special Education Preschool Grants (IDEA Preschool)	84.173	2725135.02.02		30,493
<i>Total Special Education Cluster</i>			-	623,648
Title I Grants to Local Educational Agencies	84.010	2725117.02.02		198,248
Supporting Effective Instruction State Grants	84.367	2725164.02.02		76,683
Career and Technical Education - Basic Grants to States	84.048	2725153.02		88,270
<b>Total U.S. Department of Education</b>			-	<u>986,849</u>
<b>Total Expenditures of Federal Awards</b>			\$ 10,425	<u>\$ 1,290,512</u>

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**TOWN OF SMITHFIELD, RHODE ISLAND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Smithfield, Rhode Island under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or limited as to reimbursement. The Schedule also includes \$36,801 for the value of food commodities. These commodities have not been reported in revenue or expenses of the Business-Type Activities for financial statement purposes.

**NOTE 3 – DETERMINATION OF MAJOR PROGRAMS**

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

**TOWN OF SMITHFIELD, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major program:

*Special Education Cluster:*

Special Education Grants to States..... CFDA #84.027  
Special Education Preschool Grants ..... CFDA #84.173

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

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**TOWN OF SMITHFIELD, RHODE ISLAND**

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017***

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**II. FINDINGS -- RELATED TO THE AUDIT OF FINANCIAL STATEMENTS**

**Current Year Findings:**

None

**III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

**Current Year Findings:**

None

**TOWN OF SMITHFIELD, RHODE ISLAND**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)**

**Prior Year Findings:**

None

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