

TOWN OF SMITHFIELD RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016



Dennis G. Finlay
Town Manager

Randy R. Rossi
Finance Director/Treasurer

Prepared by: Finance Department

TOWN OF SMITHFIELD

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TOWN OF SMITHFIELD, RHODE ISLAND

YEAR ENDED JUNE 30, 2016

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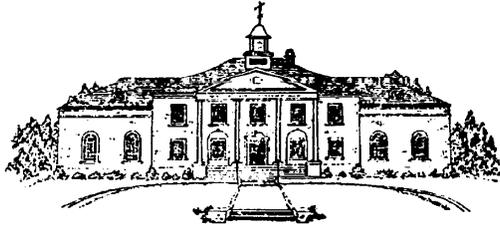
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Town of Smithfield

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

December 22, 2016

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Smithfield, for the fiscal year ended June 30, 2016. The report includes the independent auditor's report as required by Rhode Island Statutes. The report is prepared in conformity with general accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

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

Robert J. Civetti, CPA, LLC, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Rhode Island, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Smithfield, Rhode Island for the fiscal year ended June 30, 2016, 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, 2016, 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 \$77,736,291 based on net assessed valuations of \$2,591,209,703 as December 31, 2014. As of June 30, 2016, the Town has \$184,000 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 \$5,309,806 in direct State aid for the fiscal year ended June 30, 2016. The Town budgeted \$5,798,787 in direct State aid for fiscal year ending June 30, 2017.

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, 2016, the Town received \$385,484 in such construction aid and the Town budgeted \$200,000 for fiscal year ending June 30, 2017.

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, 2016 was \$35,194,249 (excluding the State on-behalf pension contribution). The School Department budget for fiscal year ending June 30, 2017 is \$36,851,595. The cost per student is \$14,770 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>
2007	2,609
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

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	4,756	5,470
Commercial	335	2,555
Industrial	24	473
Total	<u>5,115</u>	<u>8,498</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, 2016 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, 2016, the Public Works Department expended \$970,610 for these services. For the fiscal year ending June 30, 2017 the approved budget is \$975,000.

PUBLIC WORKS

The Town of Smithfield's Department of Public Works provides a full range of services including street construction and maintenance, snow removal and maintenance of Town facilities. Total expenditures for the fiscal year ended June 30, 2016 totaled \$2,821,791 (including \$138,380 of capital outlays) and budgeted \$2,904,097 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 \$4,923,963 (including \$102,771 of capital outlays) for fiscal year ended June 30, 2016 and budgeted \$5,233,173 for fiscal year ending June 30, 2017.

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 \$5,470,104 (including \$120,574 of capital outlays) for fiscal year ended June 30, 2016 and budgeted \$5,493,688 for fiscal year ending June 30, 2017.

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, 2016 the combined allocation from the Town was \$1,283,079 and budgeted \$1,321,571 for the fiscal year ending June 30, 2017.

EMPLOYEE RELATIONS

The Town of Smithfield currently employs 172 full-time employees exclusive of those employed by the School Department. The School Department employs 224.5 certified employees and 100.5 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, 2017
Public Works Employees	3 year contract expired June 30, 2017
Town Hall Employees	3 year contract expired June 30, 2017
Teachers	3 year contract expires August 31, 2017
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, 2016 is as follows:

	RATIO OF NET BONDED DEBT TO NET ASSESSED VALUE	DEBT PER CAPITA
	<u>AMOUNT</u>	<u>PER CAPITA</u>
Net Bonded Debt	\$18,094,000	0.70%
		\$844.33

The Town's bond ratings as of June 30, 2016 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 2017 budget includes an appropriation of \$1,444,500 for the following projects: various town building improvements, radio system upgrades, police vehicles, information technology, school department technology, and dam and bridge 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, 2015. This was the eighth 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.

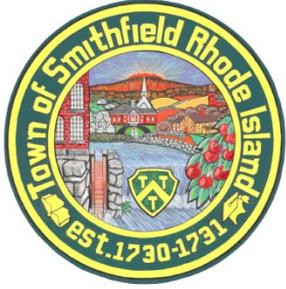
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Town Manager and the Town Council for their interest and support in planning and conducting the financial operation of the Town in a dedicated and responsible manner.

Respectfully Submitted,

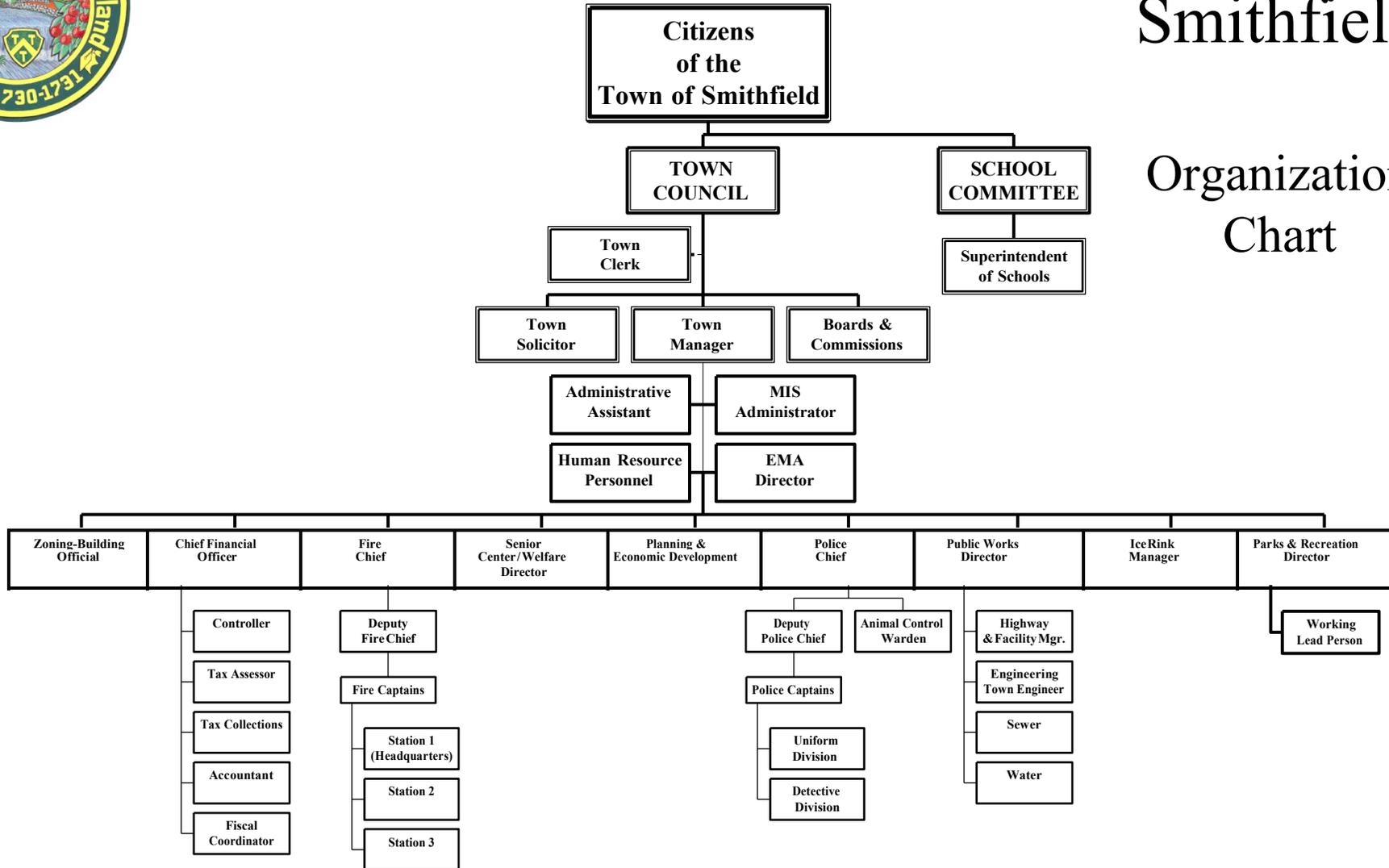
A handwritten signature in black ink, appearing to read "R. R. Rossi". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

Randy R. Rossi
Finance Director



Town of Smithfield

Organization Chart



TOWN OF SMITHFIELD, RHODE ISLAND

June 30, 2016

TOWN COUNCIL

Bernard A. Hawkins, President
Suzanna L. Alba, Vice-President

Gregory J. Tocco
Maxine A. Cavanagh
Alberto J. LaGreca, Jr.

TOWN MANAGER

Dennis G. Finlay

DEPARTMENT DIRECTORS

Animal Control Warden	Thomas B. Taylor
Building Official	Peter R. Scorpio
Emergency Management Director	Todd S. Manni
Engineer	Kevin Cleary
Finance Director / Treasurer	Randy R. Rossi
Fire Chief	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	Suzanne P. Kogut
Town Clerk	Carol A. Aquilante
Town Solicitor	Anthony M. Gallone



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Smithfield
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Jeffrey R. Emer

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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the required schedules related to pension plans, and the Schedule of Funding Progress for OPEB Plans on Pages 4 through 16, Pages 89 through 94, Pages 95 through 111, and Page 112, 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 MTP3 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 MTP3 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 MTP3 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 22, 2016, 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, 2015, from which the partial information was derived.

Robert J. Civetti, CPA, LLC

Johnston, Rhode Island
December 22, 2016

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

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, 2016. 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 assets and deferred outflow of resources for the Town of Smithfield exceeded its liabilities and deferred inflow of resources at the close of the fiscal year ended June 30, 2016 by \$854,550 (net position).
- ❖ The government's total net position decreased by (\$1,573,872). The decrease is primarily attributable to the recognition of pension expense related to the requirements of GASB Statement #68.
- ❖ As of the close of the fiscal year, the Town of Smithfield's governmental funds reported combined ending fund balances of \$22,970,227. Approximately .12% of this amount, \$27,741 is unassigned and available for use at the government's discretion.
- ❖ The remaining fund balance of \$22,942,486 includes \$1,291,906 in non-spendable funds, \$2,245,378 in restricted funds, \$16,225,202 in committed funds, and \$3,180,000 in assigned funds.
- ❖ At the end of the current fiscal year, the General Funds unassigned fund balance was \$3,908,877, or 12.6% 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 \$364,989.

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.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

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 17 through 18.

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 19-22) are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town 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 23 through 26.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

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 27 and 28.

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 29 through 88.

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 89 through 112.

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 113 through 126.

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$854,550 as of June 30, 2016.

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 31,679,471	\$ 34,050,105	\$ 7,609,141	\$ 7,510,916	\$ 39,288,612	\$ 41,561,021
Capital assets, net of accumulated depreciation	46,139,187	38,810,027	21,465,859	21,806,100	67,605,046	60,616,127
Total Assets	<u>77,818,658</u>	<u>72,860,132</u>	<u>29,075,000</u>	<u>29,317,016</u>	<u>106,893,658</u>	<u>102,177,148</u>
Deferred outflows of resources	12,225,295	3,718,041	-	-	12,225,295	3,718,041
Current liabilities	6,243,955	5,210,980	1,033,023	792,607	7,276,978	6,003,587
Long-term liabilities Outstanding	98,294,228	79,138,596	7,501,496	8,016,290	105,795,724	87,154,886
Total Liabilities	<u>104,538,183</u>	<u>84,349,576</u>	<u>8,534,519</u>	<u>8,808,897</u>	<u>113,072,702</u>	<u>93,158,473</u>
Deferred inflows of resources	5,191,701	10,344,292	-	-	5,191,701	10,344,292
Net Position						
Net Investment in Capital Assets	29,443,616	24,868,591	13,983,221	13,998,192	43,426,837	38,866,783
Unrestricted	(49,129,547)	(42,984,286)	6,557,260	6,509,927	(42,572,287)	(36,474,359)
Total Net Position	<u>\$ (19,685,931)</u>	<u>\$ (18,115,695)</u>	<u>\$ 20,540,481</u>	<u>\$ 20,508,119</u>	<u>\$ 854,550</u>	<u>\$ 2,392,424</u>

TOWN OF SMITHFIELD, RHODE ISLAND
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For the Year Ended June 30, 2016
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By far the largest portion of the Town's net position \$43,426,837 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 (\$42,572,287), a decrease of 16.72% from the prior year, is the change in resources available to fund Town programs to residents and debt obligations to creditors. The negative unrestricted net position is primarily the result of the Town's unfunded pension and OPEB liabilities.

The Town's net position decreased by (\$1,537,872) during the current fiscal year. The decrease is primarily attributable to the increase in net pension and related obligations which increased the amount of pension expense for fiscal 2016. Of this amount, governmental activities accounted for (\$1,570,234) of the decrease, while business-type activities accounted for an increase of \$32,362.

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 \$31,679,471 at June 30, 2016. This category consisted primarily of "Cash and cash equivalents" of \$18,761,467, "Accounts receivable" of \$3,803,046, which is made up of "Tax receivable" of \$3,379,660 and "Other receivables" of \$423,386, and "Net Pension Asset" of \$3,428,707. "Cash on deposit with funding agency" of \$1,845,260, which are School Improvement Bond Funds that are being held by the funding agency, "Investments" of \$2,179,740, and "Due from federal and state governments" of \$966,210.

"Deferred Outflow of Resources" was \$12,225,295 at June 30, 2016 and was comprised of \$12,129,372 of "Deferred outflows related to pension plan obligations" and \$95,923 from deferred charge for refunding.

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The long-term liabilities outstanding at fiscal year-end were \$98,294,228, composed primarily of \$70,605,949 in Net Pension Liability, \$17,202,431 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), \$6,401,616 in post-retirement benefit obligations, and \$4,084,232 in compensated absences.

“Deferred Inflow of Resources” of \$5,191,701 related to pension plan obligations.

Total net position at June 30, 2016 was (\$19,685,931) and was comprised of unrestricted of (\$49,129,547) and “Net Investments in Capital Assets” of \$29,443,616.

Business-Type Activities – Statements of Net Position

For business-type activities, such as the Sewer Enterprise Fund, “Current and Other Assets” of \$7,609,141 consisted primarily of \$6,502,478 in “Cash and cash equivalents” which was available to support the current operations of the Enterprise Funds, “Restricted cash” of \$579,492, “Accounts receivable” of \$677,708, “Assessment fees” of \$439,269, and “Internal balances” of (\$628,719).

Long-term liabilities of \$7,501,496 were comprised primarily of \$7,031,751 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 \$393,962 of “Unearned revenue, assessments, and fees”.

Current liabilities of \$1,033,023 consisted primarily of \$468,183 of “Accounts payable and accrued expenses” and \$456,450 of “Current portion of bonds and other debt obligations”.

The total net position for the Business-type Activities as of June 30, 2016 was \$20,540,481. Net investment in capital assets was the major component of net position for business-type activities and amounted to \$13,983,221 and \$6,557,260 was designated “Unrestricted”.

Changes in Net Position

Governmental Activities - Net position for governmental activities decreased by (\$1,570,234) for the current period, which is an overall decrease of (8.7%).

Operating grants and contributions increased by \$2,101,473 (26.46 percent) primarily because of additional program revenues that the School Department recognized during the fiscal year including an increase in the on-behalf pension contribution which increased by \$1,343,000 or 127% from fiscal 2015. Property taxes increased by \$1,257,272 (2.31 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. Charges for services recognized a slight increase of \$49,411.

The net change in fund balance for the fiscal year ended June 30, 2016 was a decrease of (\$500,420) for the Towns governmental fund types. The reduction in fund balance was due mainly to expenditures associated with the Police Station Expansion and Renovation Project prior to the issuance of bonds in August of 2016.

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 22.

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

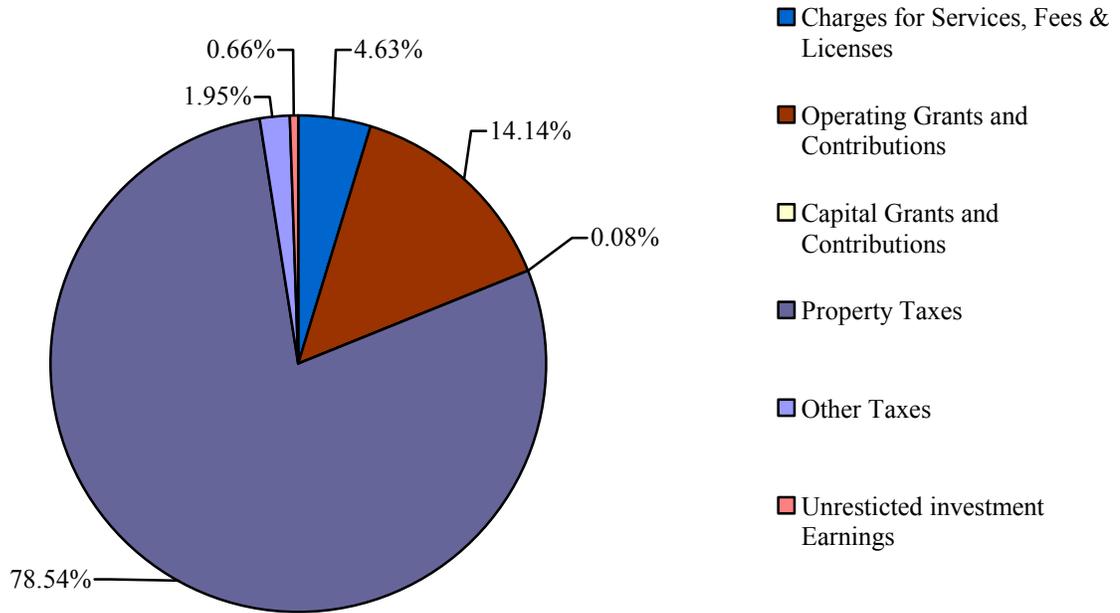
TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

TOWN OF SMITHFIELD, RHODE ISLAND
Changes in Net Position

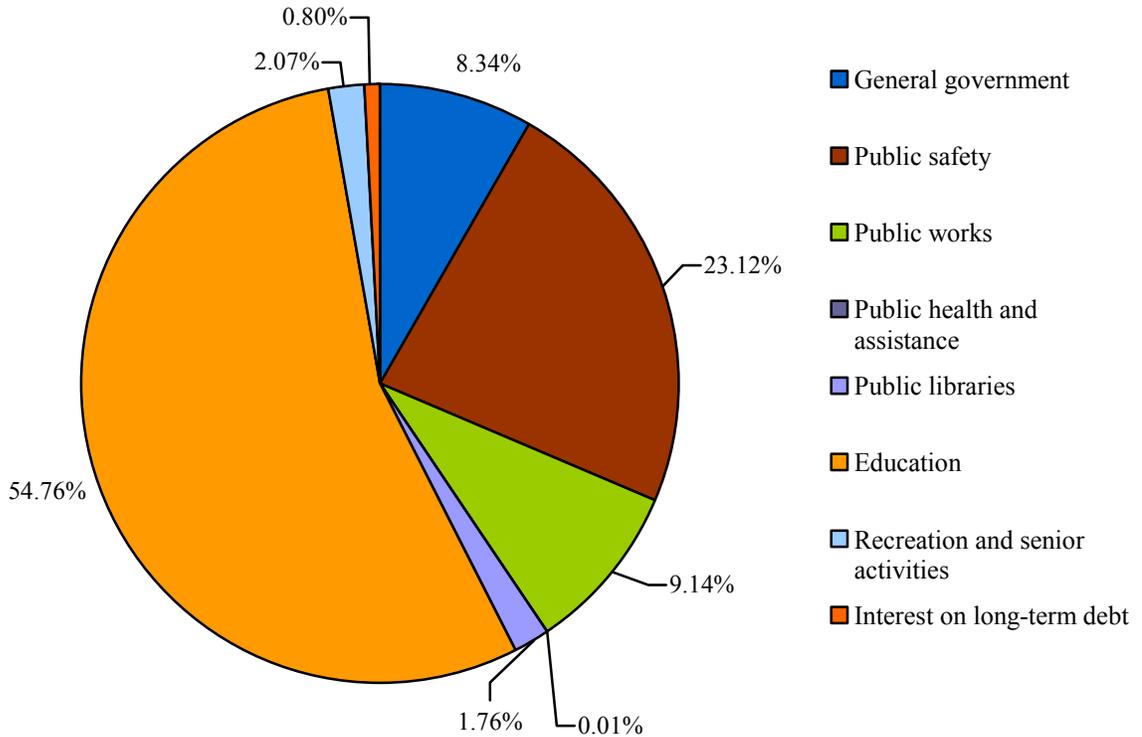
	Governmental Activities			Business-Type Activities		
	2016	2015	Change	2016	2015	Change
Revenues						
Program revenues						
Charges for services	\$ 3,286,980	\$ 3,237,569	\$ 49,411	\$ 5,659,267	\$ 5,652,821	\$ 6,446
Operating grants and contributions	10,044,589	7,943,116	2,101,473	183,314	208,807	(25,493)
Capital grants and contributions	56,487	213,473	(156,986)	-	-	-
General revenues						
Property taxes	55,782,572	54,525,300	1,257,272	-	-	-
Unrestricted investment earnings	467,318	429,541	37,777	31,288	19,516	11,772
Miscellaneous	1,385,270	1,359,288	25,982	-	-	-
Total Revenues	<u>71,023,216</u>	<u>67,708,287</u>	<u>3,314,929</u>	<u>5,873,869</u>	<u>5,881,144</u>	<u>(7,275)</u>
Expenses						
General government	6,093,690	5,442,335	651,355	-	-	-
Public safety	16,897,957	15,190,320	1,707,637	-	-	-
Public works	6,683,729	5,910,910	772,819	-	-	-
Education	40,028,913	35,265,621	4,763,292	-	-	-
Recreation and senior activities	1,510,668	2,204,210	(693,543)	-	-	-
Public health & assistance	7,938	5,992	1,946	-	-	-
Community development	-	-	-	-	-	-
Public libraries	1,283,079	1,254,265	28,814	-	-	-
Interest on long-term debt	587,477	534,407	53,069	-	-	-
Sewer Authority	-	-	-	2,835,209	3,067,255	(232,046)
Water Supply Board	-	-	-	1,281,454	1,336,587	(55,133)
Smithfield Ice Rink	-	-	-	709,963	650,176	59,787
School Lunch Program	-	-	-	514,881	549,031	(34,150)
Total Expenses	<u>73,093,450</u>	<u>65,808,062</u>	<u>7,285,389</u>	<u>5,341,507</u>	<u>5,603,049</u>	<u>(261,542)</u>
Increase (Decrease) in Net Position before transfers	(2,070,234)	1,900,226	(3,970,460)	532,362	278,095	254,267
Transfers	500,000	500,000	-	(500,000)	(500,000)	-
Increase (Decrease) in Net Position	<u>(1,570,234)</u>	<u>2,400,226</u>	<u>(3,970,460)</u>	<u>32,362</u>	<u>(221,905)</u>	<u>254,267</u>
Net Position - beginning	<u>(18,115,697)</u>	<u>(20,515,922)</u>	<u>2,400,226</u>	<u>20,508,119</u>	<u>20,730,024</u>	<u>(221,905)</u>
Net Position - ending	<u>\$ (19,685,931)</u>	<u>\$ (18,115,697)</u>	<u>\$ (1,570,234)</u>	<u>\$ 20,540,481</u>	<u>\$ 20,508,119</u>	<u>\$ 32,362</u>

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

Revenue by Source - Governmental Activities



Expenses by Function - Governmental Activities



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Education expenses account for approximately 54.76 percent of the total expenses within the governmental funds of the Town of Smithfield. Public safety and General government expenses account for approximately 23.12 percent and 8.34 percent, respectively of the total expenses for the 2016 fiscal year. Major expense factors include:

- Governmental activities expenses increased by \$7,285,389 from \$65,808,060 to \$73,093,450. The increase was largely generated from an increase in Education expenditures of \$4,763,292 due to increases in pension liabilities during the fiscal year. While Public Safety and Public Work recognized an increase of \$1,707,637 and \$772,819, respectfully.
- Recreation and Senior Activities saw a decrease in expenditures by (\$693,543) from \$2,204,210 to \$1,510,668 due to a reduction operating costs and overall conservative spending during the fiscal year
- Interest of long term debt increased by \$53,069 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 increased by \$32,362 resulting in a .16% increase in business-type net position.

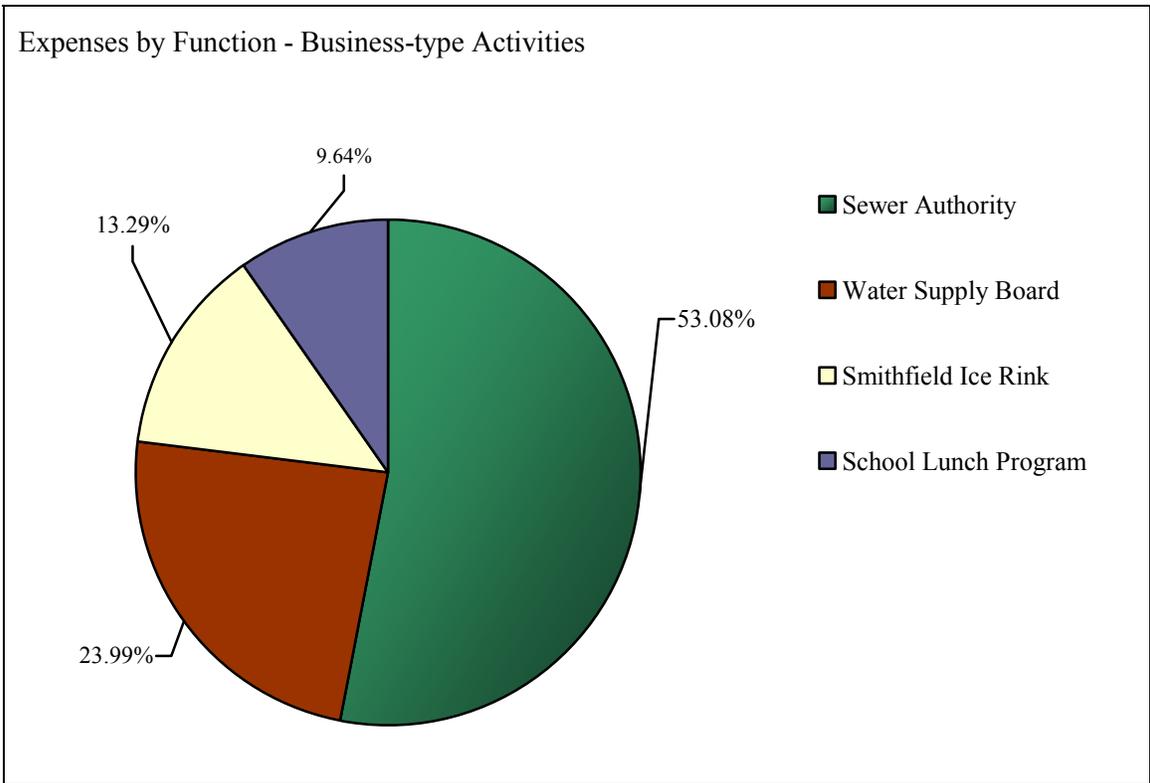
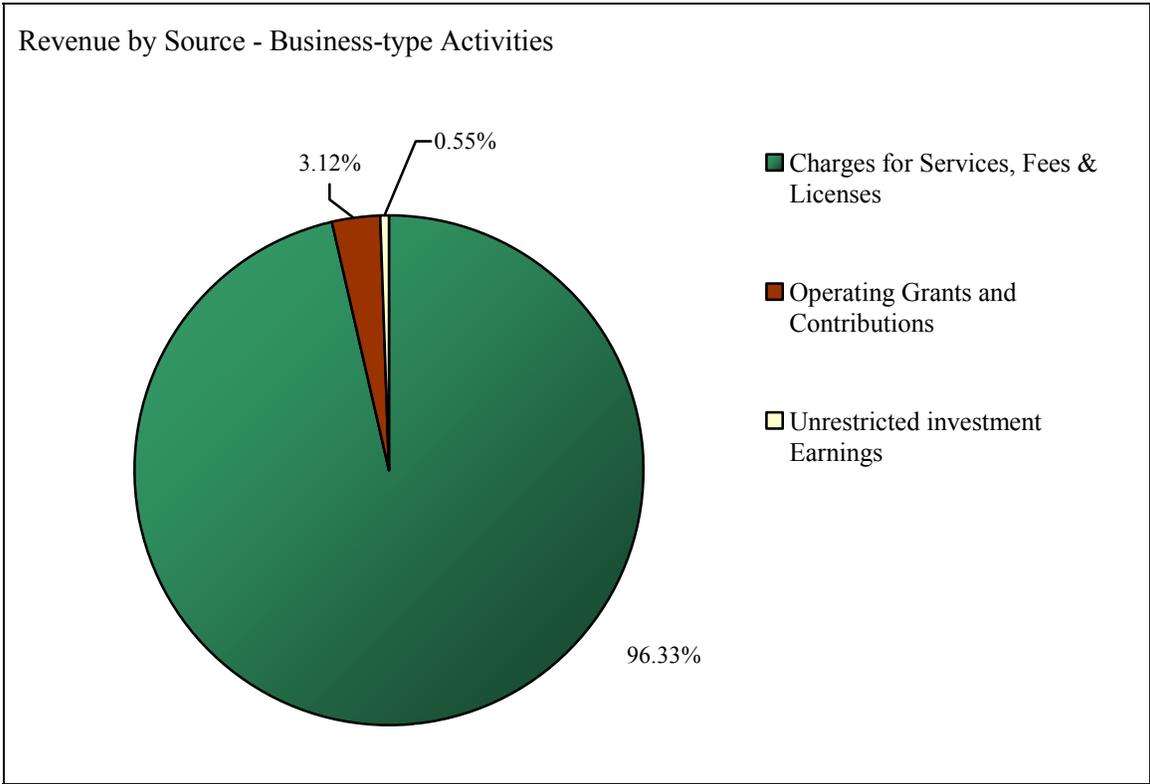
Charges for services for business-type activities accounted for 96.33% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions of 3.12%, and investment earnings of 0.55%.

Sewer authority expenses account for approximately 53.08% 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 23.99%, 13.29%, and 9.64%, respectively of the total business-type activities expenditures for the 2016 fiscal year.

Charges for service for business-type activities increased by \$6,446 from \$5,652,821 to \$5,659,267. The Sewer Authority fund had an increase of \$11,033. Charges for services in the Water Supply Board fund and the School Lunch Programs fund decreased by \$64,493 and \$10,574 respectively. The Ice Rink recognized an increase of \$70,480 which was due primarily to increase ice time rental. Unrestricted investment earnings increased from \$19,516 to \$31,288 for all business-type activities. The slight increase in interest earned on investments was due to new investment opportunities and interest rates starting to rebound during the fiscal year.

Expenses in the Sewer Authority fund decreased by (\$232,046) as of result a decrease in depreciation and amortization that were recognized during the fiscal year. Water Supply expenses decreased by (\$55,133) while the Ice Rink fund experienced an increase of \$59,787 due primarily to increases in operations costs. The School Lunch Program fund recognized a decrease in expenditures of (\$34,150) due to a reduction in the cafeteria operating costs.

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TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

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 \$22,970,227. Approximately 0.10% of the total amount, or \$27,741 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 \$364,989. While the fund balance in the School Unrestricted Fund increased by \$61,462 due to savings in purchased services.

For a more detailed review of changes in fund balances, see the statement of revenues, expenditures and changes in fund balances on Page 21.

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 \$4,670,438, a decrease of \$200,568. Unrestricted net position in the Water Supply increased by \$127,389 for a total of \$1,178,118. The Ice Rink finished the year with an unrestricted net position of \$620,555, which was an increase in value of \$98,464. The School Lunch Program recognized an increase in unrestricted net position by \$22,048.

General Fund Budgetary Highlights

For the year ended June 30, 2016, the General Fund revenues and transfers were over budget projections by \$662,603, or 0.92%. General Fund expenditures were under budget by \$405,567, or 0.57%. This resulted in a \$1,068,170 budgetary surplus in the General Fund for the year ended June 30, 2016. See details on Pages 89 through 92.

Revenues:

Intergovernmental revenues - were over budget by \$326,973 due to conservative budgeting for state aid revenues based on the Governor's Budget.

License, fees and permits - were over budget by \$278,783 due to an unanticipated increase in the quantity building permit fees and recording fees collected.

Interest Income revenues – were over budget by \$164,790 due to increasing investment rates and increased delinquent tax collections.

Other funding sources - were under budget by \$650,529 due to the availability of other revenue sources and the lack of need to transfer amounts from other funds.

TOWN OF SMITHFIELD, RHODE ISLAND
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Expenditures:

Public Safety - was over budget by \$70,591 due to overtime costs for covering long-term vacancies.

Public Works – was under budget by \$63,890 due to unfilled positions.

Town Miscellaneous - was over budget by \$127,633 due to the use of prior reserved capital funds that were expended during the fiscal year.

Municipal Capital Improvements – was under budget by \$380,765 due to time constraints in being able to complete projects during the fiscal year.

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, 2016 amounts to \$67,605,046 (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	
	2016	2015	2016	2015	2016	2015
Land	\$15,488,672	\$15,229,652	\$ 270,688	\$ 270,688	\$15,759,360	\$15,500,340
Construction in progress	7,603,829	573,135	588,438	6,689,523	8,192,267	7,262,658
Land improvements	-	-	2,363	2,857	2,363	2,857
Buildings and improvements	12,897,113	13,098,879	8,080,644	1,770,468	20,977,757	14,869,347
Equipment	967,844	822,195	5,329,150	5,639,188	6,296,994	6,461,383
Vehicles	1,519,480	1,237,751	26,715	34,001	1,546,195	1,271,752
Infrastructure	7,662,249	7,848,415	7,167,861	7,399,375	14,830,110	15,247,790
Total	\$46,139,187	\$38,810,027	\$21,465,859	\$21,806,100	\$67,605,046	\$60,616,127

Additional information on the Town of Smithfield's capital assets is located in "Note 5" of the notes to the financial statements on Pages 49 and 50.

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 \$18,377,431, including premium on bond issuance of \$467,431. 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
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(Unaudited)

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds payable	\$ 18,377,431	\$ 13,480,326	\$ 7,488,201	\$ 7,940,651	\$ 25,865,632	\$ 21,420,977
Lease purchase obligations & leases	163,400	461,110	-	-	163,400	461,110
Total	\$ 18,540,831	\$ 13,941,436	\$ 7,488,201	\$ 7,940,651	\$ 26,029,032	\$ 21,882,087

Note 7, Pages 51 through 54 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 \$77,736,291 at year-end. The Town's outstanding governmental activities general obligation debt is \$18,377,431 and business-type activity debt of \$184,000 at year-end, of which only \$184,000 is subject to the legal debt margin. See Schedule 12 on Page 150 (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 2016 the median sale price for single family homes in Smithfield was \$267,900 and the median price of all sales was \$258,000.

POPULATION

In 2010 Smithfield was ranked 17th in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of Census, Smithfield experienced a moderate increase in populations from 1970 through 2010.

Population in the Town from 1950 to 2010 was as follows:

<u>Years</u>	<u>Population</u>
1950	6,690
1960	9,442
1970	13,468
1980	16,886
1990	19,163
2000	20,613
2010	21,430

Economic Factors and Next Year's Budgets and Rates

Smithfield is known as the Apple Valley for orchards. In the 20th century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 63.1% of the tax base while commercial and industrial account for 25.0% of the tax base.

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2016
(Unaudited)

The Town of Smithfield's total general fund budget for fiscal year 2017 amounts to \$69,045,313 which reflects an increase of \$2,017,306 or 3.01% above the fiscal year 2016 budget of \$67,028,007. Of the Town's 2017 budget, \$36,851,595 or 53.4% is budgeted for education expenditures.

The State of Rhode Island is budgeted to contribute \$5,798,787 to the Town's education department based on State Aid in fiscal 2017.

The Town's residential tax rate for fiscal year 2017 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. For fiscal year 2016 the Town's residential and commercial tax rate was \$17.57 per \$1,000 of assessed value with 47.7% allocated for general government and 52.3% allocated for education.

Request for Information

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



Randy R. Rossi
Finance Director

TOWN OF SMITHFIELD

BASIC FINANCIAL STATEMENTS



TOWN OF SMITHFIELD, RHODE ISLANDStatement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 18,761,467	\$ 6,502,478	\$ 25,263,945
Cash on deposit with funding agency	1,845,260	5,563	1,850,823
Restricted cash	-	579,492	579,492
Investments	2,179,740	-	2,179,740
Accounts receivable	3,803,046	677,708	4,480,754
Internal balances	628,719	(628,719)	-
Due from federal and state governments	966,210	-	966,210
Inventory	-	33,350	33,350
Prepays	66,322	-	66,322
Total Current Assets	28,250,764	7,169,872	35,420,636
Noncurrent Assets:			
Net Pension Asset	3,428,707	-	3,428,707
Assessment fees	-	439,269	439,269
Capital assets not being depreciated	23,092,501	859,126	23,951,627
Capital assets, net of accumulated depreciation	23,046,686	20,606,733	43,653,419
Total Noncurrent Assets	49,567,894	21,905,128	71,473,022
TOTAL ASSETS	77,818,658	29,075,000	106,893,658
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	95,923	-	95,923
Deferred outflows related to pension plan obligations	12,129,372	-	12,129,372
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,225,295	-	12,225,295
LIABILITIES:			
Current Liabilities:			
Accounts payable and accrued expenses	4,255,555	468,183	4,723,738
Unearned revenue, assessments, and fees	-	73,390	73,390
Current portion of compensated absences	650,000	35,000	685,000
Current portion of bonds and other debt obligations	1,338,400	456,450	1,794,850
Total Current Liabilities	6,243,955	1,033,023	7,276,978
Noncurrent Liabilities:			
Compensated absences	4,084,232	75,783	4,160,015
Unearned revenue, assessments, and fees	-	393,962	393,962
Net OPEB obligation	6,401,616	-	6,401,616
Net Pension Liability	70,605,949	-	70,605,949
General obligation bonds and other debt, net	17,202,431	7,031,751	24,234,182
Total Noncurrent Liabilities	98,294,228	7,501,496	105,795,724
TOTAL LIABILITIES	104,538,183	8,534,519	113,072,702
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pension plan obligations	5,191,701	-	5,191,701
NET POSITION			
Net Investment in Capital Assets	29,443,616	13,983,221	43,426,837
Unrestricted	(49,129,547)	6,557,260	(42,572,287)
TOTAL NET POSITION	\$ (19,685,931)	\$ 20,540,481	\$ 854,550

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, 2016

<i>Functions/Programs:</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 6,093,690	\$ 1,520,598	\$ 141,646	\$ -	\$ (4,431,446)		\$ (4,431,446)
Public safety	16,897,957	1,454,357	404,120	56,487	(14,982,993)		(14,982,993)
Public works	6,683,729	-	-	-	(6,683,729)		(6,683,729)
Public health and assistance	7,938	-	9,267	-	1,329		1,329
Public libraries	1,283,079	-	-	-	(1,283,079)		(1,283,079)
Education	40,028,913	311,538	8,930,432	-	(30,786,943)		(30,786,943)
Recreation and senior activities	1,510,668	487	173,670	-	(1,336,511)		(1,336,511)
Interest on long-term debt	587,477	-	385,454	-	(202,023)		(202,023)
Total governmental activities	73,093,450	3,286,980	10,044,589	56,487	(59,705,394)		(59,705,394)
Business-type activities:							
Sewer Authority	2,835,209	3,079,643	-	-	-	\$ 244,434	244,434
Water Supply Board	1,281,454	1,481,283	-	-	-	199,829	199,829
Smithfield Ice Rink	709,963	753,759	-	-	-	43,796	43,796
School Lunch Program	514,881	344,582	183,314	-	-	13,015	13,015
Total business-type activities	5,341,507	5,659,267	183,314	-	-	501,074	501,074
Total	\$ 78,434,957	\$ 8,946,247	\$ 10,227,903	\$ 56,487	(59,705,394)	501,074	(59,204,320)
General revenues:							
Property taxes					55,782,572	-	55,782,572
Motor vehicle phase-out taxes					255,759	-	255,759
Telephone taxes					265,491	-	265,491
Hotel, meals, and beverage tax					864,020	-	864,020
Unrestricted investment earnings					467,318	31,288	498,606
Transfers					500,000	(500,000)	-
Total general revenues and transfers					58,135,160	(468,712)	57,666,448
Change in Net Position					(1,570,234)	32,362	(1,537,872)
Net Position - beginning of year					(18,115,697)	20,508,119	2,392,422
Net Position - ending of year					\$ (19,685,931)	\$ 20,540,481	\$ 854,550

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

TOWN OF SMITHFIELD, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	School Unrestricted Fund	Police Improvement Bond	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 14,612,138	\$ 942,574	\$ -	\$ 3,206,755	\$ 18,761,467
Cash on deposit with funding agency	-	-	-	1,845,260	1,845,260
Investments	2,179,740	-	-	-	2,179,740
Taxes receivable, net	3,379,660	-	-	-	3,379,660
Other receivables	263,346	5,039	-	155,001	423,386
Due from federal and state governments	-	99,326	-	866,884	966,210
Prepaid expenditures	-	66,322	-	-	66,322
Due from other funds	4,061,229	1,547,431	-	4,504,016	10,112,676
TOTAL ASSETS	\$ 24,496,113	\$ 2,660,692	\$ -	\$ 10,577,916	\$ 37,734,721
LIABILITIES:					
Accounts payable	\$ 737,456	\$ 154,942	\$ 382,710	\$ 209,730	\$ 1,484,838
Accrued liabilities	1,026,570	1,323,034	-	14,284	2,363,888
Retainage payable	-	-	246,429	-	246,429
Due to other funds	5,559,059	-	2,238,120	1,686,778	9,483,957
TOTAL LIABILITIES	7,323,085	1,477,976	2,867,259	1,910,792	13,579,112
DEFERRED INFLOW OF RESOURCES:					
Unavailable tax and fee revenue	1,050,162	-	-	135,220	1,185,382
FUND BALANCE:					
Non-Spendable	1,225,584	66,322	-	-	1,291,906
Restricted	30,438	-	-	2,214,940	2,245,378
Committed	7,777,967	1,116,394	-	7,330,841	16,225,202
Assigned	3,180,000	-	-	-	3,180,000
Unassigned	3,908,877	-	(2,867,259)	(1,013,877)	27,741
TOTAL FUND BALANCE	16,122,866	1,182,716	(2,867,259)	8,531,904	22,970,227
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 24,496,113	\$ 2,660,692	\$ -	\$ 10,577,916	\$ 37,734,721

(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, 2016**

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

Total Fund Balance reported in Exhibit B-1	\$ 22,970,227
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund balance sheet	46,139,187
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.	95,923
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.	15,558,079
Net OPEB Obligation is reported on the Statement of Net Position as a long-term obligation at June 30, 2016 but this obligation is not reported on the Fund Statements.	(6,401,616)
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.	(75,797,650)
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).	(22,807,632)
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.	1,185,382
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.	(160,400)
Net premium on refunding has been recorded as long-term debt on the Statement of Net Position	<u>(467,431)</u>
Total Net Position reported in Exhibit A-1	<u><u>\$ (19,685,931)</u></u>

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	School Unrestricted Fund	Police Improvement Bond	Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes	\$ 55,243,808	\$ -	\$ -	\$ -	\$ 55,243,808
Intergovernmental	2,358,140	5,309,806	-	1,766,733	9,434,679
Licenses, fees, fines, charges, and assessments	959,607	50,397	-	1,808,906	2,818,910
Investment income (loss)	454,798	-	-	12,520	467,318
Contributions	-	16,282	-	116,655	132,937
State on behalf pension contribution	-	1,707,500	-	-	1,707,500
Other miscellaneous	414,210	261,141	-	72,423	747,774
TOTAL REVENUES	59,430,563	7,345,126	-	3,777,237	70,552,926
EXPENDITURES:					
Current:					
General government	2,524,930	-	-	-	2,524,930
Public safety	10,297,135	-	-	423,916	10,721,051
Public works	3,654,021	-	-	-	3,654,021
Public health and assistance	7,938	-	-	-	7,938
Libraries	1,283,079	-	-	-	1,283,079
Education	247,869	36,364,145	-	1,016,682	37,628,696
Recreation, Senior and Neighborhood Center	789,237	-	-	222,403	1,011,640
Benefits and other miscellaneous	8,959,018	-	-	159,172	9,118,190
Debt Service:					
Principal	1,677,710	-	-	-	1,677,710
Interest and other costs	571,767	-	-	-	571,767
Capital:					
Capital expenditures	1,082,834	537,604	2,732,259	5,294,191	9,646,888
TOTAL EXPENDITURES	31,095,538	36,901,749	2,732,259	7,116,364	77,845,910
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)					
	28,335,025	(29,556,623)	(2,732,259)	(3,339,127)	(7,292,984)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance				6,292,564	6,292,564
Transfers in	1,902,771	29,618,085	-	254,722	31,775,578
Transfers out	(29,872,807)	-	-	(1,402,771)	(31,275,578)
TOTAL OTHER FINANCING SOURCES (USES)	(27,970,036)	29,618,085	-	5,144,515	6,792,564
NET CHANGE IN FUND BALANCES	364,989	61,462	(2,732,259)	1,805,388	(500,420)
FUND BALANCE BEGINNING OF YEAR	15,757,877	1,121,254	(135,000)	6,726,516	23,470,647
FUND BALANCE AT END OF YEAR	\$ 16,122,866	\$ 1,182,716	\$ (2,867,259)	\$ 8,531,904	\$ 22,970,227

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, 2016**

Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):	\$ (500,420)
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.	7,329,160
Proceeds from issuance of long-term debt are reported as other financing sources in the fund statements but are not reported on the statement of activities in the government-wide statements.	(6,292,564)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the net position.	1,677,710
Increase in the Net OPEB Obligation is reported as an expense for governmental activities but is not reported as an expenditure in the fund financial statements. This is the increase in the Net OPEB Obligation for fiscal 2016.	(1,083,386)
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 2016 the effect of these adjustments resulted in an increase in the pension expense reported in the Statement of Activities.	(2,228,840)
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.	1,590
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 2015.	(330,877)
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 2016.	(17,300)
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.	(125,307)
Change in Net Position of Governmental Activities in the Statement of Activities (Exhibit A-2)	<u>\$ (1,570,234)</u>

TOWN OF SMITHFIELD, RHODE ISLAND

Statement of Net Position

Proprietary Funds

June 30, 2016

(With Comparative Totals at June 30, 2015)

	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)	
ASSETS:									
Current Assets:									
Cash and cash equivalents	\$ 4,841,630	\$ 4,870,166	\$ 603,954	\$ 936,407	\$ 886,499	\$ 725,618	\$ 170,395	\$ 101,122	\$ 6,502,478
Restricted cash	579,492	579,489	-	-	-	-	-	-	579,492
Cash on deposit with funding agency	5,563	132,743	-	-	-	-	-	-	5,563
Water and sewer assessments and user fees - net	199,315	235,309	425,746	461,371	-	-	-	-	625,061
Other receivables, net	-	-	-	-	43,909	31,053	8,738	16,553	52,647
Due from other funds	-	-	238,231	-	-	-	-	-	238,231
Inventory	-	-	33,350	30,350	-	-	-	-	33,350
Total Current Assets	5,626,000	5,817,707	1,301,281	1,428,128	930,408	756,671	179,133	117,675	8,036,822
Noncurrent Assets:									
Sewer Assessment fees	439,269	502,177	-	-	-	-	-	-	439,269
Capital assets not being depreciated	811,457	6,959,014	1,198	1,197	46,471	-	-	-	859,126
Capital assets, net of accumulated depreciation	17,093,721	11,076,464	2,233,287	2,381,223	1,221,171	1,320,615	58,554	67,587	20,606,733
Total Noncurrent Assets	18,344,447	18,537,655	2,234,485	2,382,420	1,267,642	1,320,615	58,554	67,587	21,905,128
TOTAL ASSETS	23,970,447	24,355,362	3,535,766	3,810,548	2,198,050	2,077,286	237,687	185,262	29,941,950
LIABILITIES:									
Current Liabilities:									
Accounts payable and accrued expenses	265,636	108,694	94,281	75,791	25,422	5,730	82,844	50,836	468,183
Due to other funds	640,599	666,528	-	270,873	226,351	174,041	-	-	866,950
Unearned assessments and user fees	62,230	61,798	-	-	3,020	1,570	8,140	738	73,390
Current portion of compensated absences	10,000	10,000	10,000	10,000	15,000	15,000	-	-	35,000
Current portion of bonds	434,450	430,450	22,000	22,000	-	-	-	-	456,450
Total Current Liabilities	1,412,915	1,277,470	126,281	378,664	269,793	196,341	90,984	51,574	1,899,973
Noncurrent Liabilities:									
General obligation bonds, net of current portion	6,869,751	7,304,201	162,000	184,000	-	-	-	-	7,031,751
Unearned assessments and user fees	393,962	455,762	-	-	-	-	-	-	393,962
Compensated absences	16,841	13,353	18,882	20,735	40,060	38,239	-	-	75,783
Total Noncurrent Liabilities	7,280,554	7,773,316	180,882	204,735	40,060	38,239	-	-	7,501,496
TOTAL LIABILITIES	8,693,469	9,050,786	307,163	583,399	309,853	234,580	90,984	51,574	9,401,469
NET POSITION:									
Net Investment in Capital Assets	10,606,540	10,433,570	2,050,485	2,176,420	1,267,642	1,320,615	58,554	67,587	13,983,221
Unrestricted	4,670,438	4,871,006	1,178,118	1,050,729	620,555	522,091	88,149	66,101	6,557,260
TOTAL NET POSITION	\$ 15,276,978	\$ 15,304,576	\$ 3,228,603	\$ 3,227,149	\$ 1,888,197	\$ 1,842,706	\$ 146,703	\$ 133,688	\$ 20,540,481

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, 2016

(With Comparative Totals For the Year Ended June 30, 2015)

	Business-type Activities-Enterprise Funds								Totals (current year)
	Sewer Authority (current year)	Sewer Authority (prior year)	Water Supply Board (current year)	Water Supply Board (prior year)	Smithfield Ice Rink (current year)	Smithfield Ice Rink (prior year)	School Lunch Program (current year)	School Lunch Program (prior year)	
OPERATING REVENUES:									
Charges for usage and service	\$ 3,034,559	\$ 3,032,100	\$ 1,440,187	\$ 1,497,376	\$ 753,759	\$ 683,279	\$ -	\$ -	\$ 5,228,505
Food sales	-	-	-	-	-	-	344,582	355,156	344,582
Intergovernmental	-	-	-	-	-	-	183,314	208,807	183,314
Other revenues	45,084	36,510	41,096	48,400	-	-	-	-	86,180
Total Operating Revenues	3,079,643	3,068,610	1,481,283	1,545,776	753,759	683,279	527,896	563,963	5,842,581
OPERATING EXPENSES:									
Salaries and benefits	95,659	98,434	271,732	266,231	309,864	299,653	-	-	677,255
Operations	2,124,299	2,130,021	861,787	926,502	289,153	245,394	-	-	3,275,239
Depreciation and amortization	435,762	659,726	147,935	143,854	110,946	105,129	9,032	11,094	703,675
School cafeteria operations	-	-	-	-	-	-	505,849	537,937	505,849
Total Operating Expenses	2,655,720	2,888,181	1,281,454	1,336,587	709,963	650,176	514,881	549,031	5,162,018
OPERATING INCOME	423,923	180,429	199,829	209,189	43,796	33,103	13,015	14,932	680,563
NONOPERATING REVENUES (EXPENSES):									
Interest income	27,968	17,637	1,625	906	1,695	973	-	-	31,288
Interest expense	(179,489)	(179,074)	-	-	-	-	-	-	(179,489)
Net Nonoperating Revenues	(151,521)	(161,437)	1,625	906	1,695	973	-	-	(148,201)
INCOME BEFORE CONTRIBUTIONS	272,402	18,992	201,454	210,095	45,491	34,076	13,015	14,932	532,362
Transfers (Out)	(300,000)	(300,000)	(200,000)	(200,000)	-	-	-	-	(500,000)
CHANGE IN NET ASSETS	(27,598)	(281,008)	1,454	10,095	45,491	34,076	13,015	14,932	32,362
TOTAL NET POSITION - BEGINNING OF YEAR	15,304,576	15,585,584	3,227,149	3,217,054	1,842,706	1,808,630	133,688	118,756	20,508,119
TOTAL NET POSITION - END OF YEAR	\$ 15,276,978	\$ 15,304,576	\$ 3,228,603	\$ 3,227,149	\$ 1,888,197	\$ 1,842,706	\$ 146,703	\$ 133,688	\$ 20,540,481

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, 2016

	Business-type Activities- Enterprise Funds				
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 3,117,177	\$ 1,516,908	\$ 742,353	\$ 543,113	\$ 5,919,551
Cash paid to suppliers for goods and services and other operating payments	(1,967,357)	(846,297)	(269,461)	(473,840)	(3,556,955)
Cash paid for employees and benefits	(92,171)	(273,585)	(308,043)	-	(673,799)
Net cash provided by operating activities	1,057,649	397,026	164,849	69,273	1,688,797
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers to (from) other funds	(300,000)	(200,000)	-	-	(500,000)
Increase (decrease) in due to other funds	(25,929)	(270,873)	52,310	-	(244,492)
Net cash provided (used) by noncapital financing activities	(325,929)	(709,104)	52,310	-	(982,723)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(305,462)	-	(57,973)	-	(363,435)
Principal paid on bonds	(430,450)	(22,000)	-	-	(452,450)
Interest paid on bonds	(179,489)	-	-	-	(179,489)
Net cash used for capital and related financing activities	(915,401)	(22,000)	(57,973)	-	(995,374)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	27,968	1,625	1,695	-	31,288
Net cash provided by investing activities	27,968	1,625	1,695	-	31,288

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activities- Enterprise Funds				
	Sewer Authority	Water Supply Board	Smithfield Ice rink	School Lunch Program	Totals
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(155,713)	(332,453)	160,881	69,273	(258,012)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,582,398	936,407	725,618	101,122	7,345,545
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,426,685</u>	<u>\$ 603,954</u>	<u>\$ 886,499</u>	<u>\$ 170,395</u>	<u>\$ 7,087,533</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 423,923	\$ 199,829	\$ 43,796	\$ 13,015	\$ 680,563
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization expense	435,762	147,935	110,946	9,032	703,675
Decrease (increase) in water and sewer assessments and user fees	98,902	35,625	-	-	134,527
(Increase) decrease in other receivables	-	-	(12,856)	7,815	(5,041)
Decrease in inventory	-	(3,000)	-	-	(3,000)
Increase (decrease) in accounts payable and accrued expenses	156,942	18,490	19,692	32,009	227,133
Increase (decrease) in compensated absences	3,488	(1,853)	1,821	-	3,456
Increase (decrease) in unearned assessments and fees	(61,368)	-	1,450	7,402	(52,516)
Net cash provided by operating activities	<u>\$ 1,057,649</u>	<u>\$ 397,026</u>	<u>\$ 164,849</u>	<u>\$ 69,273</u>	<u>\$ 1,688,797</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, 2016

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
ASSETS				
Cash and cash equivalents			\$ 91,280	\$ 243,214
Other receivables	\$ 203,771	\$ 75,769	7,383	270,100
Investments, at fair value:				
Annuity contracts	1,906,190	929,141		
Indexed stock fund	2,898,228	10,154,240		
Diversified stock fund	2,777,462	9,115,942		
Fixed income fund			219,294	
Mutual funds			632,861	
Common stock			1,568,916	
TOTAL ASSETS	<u>7,785,651</u>	<u>20,275,092</u>	<u>2,519,734</u>	<u>513,314</u>
LIABILITIES				
Deposits held in custody for others				513,314
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,314</u>
NET POSITION				
Restricted for Pensions	7,785,651	20,275,092		-
Restricted for OPEB	-	-	2,519,734	-
TOTAL NET POSITION	<u>\$ 7,785,651</u>	<u>\$ 20,275,092</u>	<u>\$ 2,519,734</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, 2016**

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>OPEB Trust Fund</u>
ADDITIONS:			
Contributions			
Employee contributions		\$ 244,045	\$ 27,452
Employer contributions	\$ 2,278,602	585,913	100,000
Total contributions	<u>2,278,602</u>	<u>829,958</u>	<u>127,452</u>
Investment earnings:			
Realized and unrealized gains (losses)	147,106	97,080	(12,064)
Interest and dividends	312,685	451,525	57,125
Total investment earnings	<u>459,791</u>	<u>548,605</u>	<u>45,061</u>
Total additions	<u>2,738,393</u>	<u>1,378,563</u>	<u>172,513</u>
DEDUCTIONS:			
Benefits paid	1,831,282	1,335,349	
Operating expenses	39,553	88,076	22,586
TOTAL DEDUCTIONS	<u>1,870,835</u>	<u>1,423,425</u>	<u>22,586</u>
CHANGE IN NET POSITION	867,558	(44,862)	149,927
NET POSITION - BEGINNING OF YEAR	6,918,093	20,319,954	2,369,807
NET POSITION - END OF YEAR	<u>\$ 7,785,651</u>	<u>\$ 20,275,092</u>	<u>\$ 2,519,734</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, 2016**

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, 2016**

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, 2016**

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, 2016. 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
- Probate Court 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, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

	<u>Description</u>
Non-Major:	
Special Revenue Funds:	School Restricted Funds, Animal Control Fund, Animal Control Spay/Neuter, Byrne Grant, Police Restricted Revenue, CDBG, Document Preservation & Tech Upgrades, EMA Radio, Planning Challenge Block Grant, Fire Prevention, Historical Records, Municipal Contingency Escrow, Operation Blue Riptide, Police Confiscated Funds, Retirement Escrow, Revaluation Escrow, RIDOT Children Passenger Safety, RIDOT Click it or Ticket, Scholarship Fund, Senior Center Grant, Bulletproof Vest, Substance Abuse Grant, RIDOH Tobacco Grant, Police Memorial Fund, General Public Assistance, and Dog Park.
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, 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, 2016**

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.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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.

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)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes

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

Prepays

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

Capital Assets

Government-Wide Statements

In the government-wide financial statements, long-lived assets (property, plant, equipment, and infrastructure) are accounted for as capital assets. All capital assets are reported at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. The Town established 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, 2016**

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, 2016 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, 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, 2016 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, 2014 and prior and is not collected within 60 days of June 30, 2016 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 reporting requirements in accordance with GASB Statement #68. These deferred inflows consisted of the difference between actual and expected experience; difference between projected & actual earnings; and changes in pension 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, 2016**

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, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 as a result of employee resignation or retirements. At June 30, 2016 there is no amount reported in the liabilities of the governmental funds.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$22,807,632 are as follows:

Bonds and lease purchase obligations, excluding premium on bonds (\$467,431)	\$18,073,400
Compensated absences	<u>4,734,232</u>
Total	<u>\$22,807,632</u>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "net pension liability and related deferred inflows of resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statements." The details of this \$75,797,650 are as follows:

Net Pension Liability all plans	\$70,605,949
Difference between actual and expected experience	703,596
Difference between actual and projected earnings	38,344
Changes in assumptions for pension plans	<u>4,449,761</u>
Total	<u>\$75,797,650</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$7,329,160 difference are as follows:

Fund expenditures capitalized for reporting in Government-wide statements	\$9,709,443
Depreciation expense	<u>(2,380,283)</u>
Net adjustment (decrease net position)	<u>\$7,329,160</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Another element of that reconciliation states that, "Changes in Net Pension Asset, Deferred Outflow of Resources related to pension plans, Net Pension Liabilities, and Deferred Inflows of Resources related to pension plans results in an increase or decrease in the pension expense reported in the Statement of Activities." The details of this (\$2,228,840) difference are as follows:

Decrease in Net Pension Asset for fiscal 2016	(\$ 2,994,320)
Increase in Deferred Outflows for pension plans	8,521,123
Increase in Net Pension Liability for fiscal 2016	(12,908,234)
Decrease in Deferred Inflows for pension plans	<u>5,152,591</u>
Net adjustment (decrease net position)	<u>(\$ 2,228,840)</u>

Recently Issued Accounting Standards

During the fiscal year ended June 30, 2016 the Town implemented the following new accounting pronouncements:

- GASB Statement No. 72 – Fair Value Measurement and Application.
- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.
- GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the fiscal year ending June 30, 2016.

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

- GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 77 – Tax Abatement Disclosures, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 79 – Certain External Investment Pools and Pool Participants, effective for the fiscal year ending June 30, 2017.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

- GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 81 – Irrevocable Split-Interest Agreements, effective for the fiscal year ending June 30, 2018.
- GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, 68, and No. 73, effective for the fiscal year ending June 30, 2017.
- GASB Statement No. 83 – Certain Asset Retirement Obligations, effective for the fiscal year ending June 30, 2019.

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 10) 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.

Use of Estimates

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

Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Town of Smithfield, Rhode Island's financial statements for the year ended June 30, 2015 from which the partial information was derived.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$4,336,122 of supplemental budgetary appropriations (RUBS) made during the fiscal year ended June 30, 2016. RUBS available at June 30, 2016 to be carried over to fiscal 2017 totaled \$4,212,109.

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 93 and 94.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 was \$26,177,931 (including Fiduciary Funds, and restricted cash but excluding cash on deposit with funding agency) while the bank balance was approximately \$26,228,100. Of the bank balance, approximately \$6,794,000 was covered by federal depository insurance while the remaining balance was 100% collateralized.

Investments

At June 30, 2016 the Town's investments totaled \$32,382,014 (including \$30,202,274 held in Fiduciary Funds and \$2,179,740 held in the General Fund) and consisted of the following:

	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Index stock mutual fund	\$13,052,468	n/a	n/a	not rated
Annuity contracts	2,835,331	n/a	n/a	not rated
Diversified stock mutual fund	11,893,404	n/a	n/a	not rated
Common Stocks	1,494,318	n/a	n/a	not rated
Foreign Stocks	74,598	n/a	n/a	not rated
Mutual Funds.....	632,861	n/a	n/a	not rated
Corporate bond	50,887	2.25%	5/5/2021	not available
Government securities	633,195	1.135%	10/3/2018	AAA
Government securities	287,593	1.75%	6/14/2016	AAA
Government securities	254,562	zero coupon	10/9/2019	AA-
Government securities	753,476	1.50%	11/30/2020	AA-
Municipal obligation.....	56,568	6.375%	11/1/2039	not available
Municipal obligation.....	53,774	4.92%	5/1/2024	not available
Municipal obligation.....	58,065	6.7%	4/1/2037	not available
Municipal tax exempt bonds.....	250,914	1.30%	11/15/2016	AAA
<i>Total investments</i>	<u>\$ 32,382,014</u>			

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, 2016**

3. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Annuity Contracts – Fire	\$ 929,141			\$ 929,141
Annuity Contracts – Police.....	1,906,190			1,906,190
Index Stock Mutual Fund	13,052,468	\$13,052,468		
Diversified Stock Mutual Fund	11,893,404	11,893,404		
Common Stocks.....	1,494,318	1,494,318		
Foreign Stocks	74,598	74,598		
Mutual Funds	632,861	632,861		
Corporate bonds	50,887		\$ 50,887	
Government securities	1,928,826	1,928,826		
Municipal obligations.....	<u>419,321</u>	<u>-</u>	<u>419,321</u>	<u>-</u>
Totals.....	<u>\$32,382,014</u>	<u>\$29,076,475</u>	<u>\$ 470,208</u>	<u>\$2,835,331</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 - 9.06%; (b) less Ten-year A financial rate, published weekly by Citigroup Global Markets, plus .25% - 2.92%; (c) Present value factor of 2.61 (2.75 years interest rate of 2.92%); (d) Adjustment for short-term securities – 96.90%. The result was a Market Value Adjustment of 15.53%.

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 – 4.06%; (b) less Ten-year A financial rate, published weekly by Citigroup Global Markets, plus .25% - 2.92%; (c) Present value factor of 8.61 (10.06 years interest rate of 2.92%); (d) Adjustment for short-term securities – 96.90%. The result was a Market Value Adjustment of 9.53%.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 the Town's investments in tax exempt municipal obligations totaled \$419,321 and are subject to credit risk of the municipality.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

4. PROPERTY TAXES AND ASSESSMENTS RECEIVABLE

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

During the year ended June 30, 2016, the Town received \$255,759 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last several years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$39.00 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years. During fiscal 2010 the State reduced the reimbursement amount for the 3rd and 4th quarters of the fiscal year. Effective July 1, 2010 the State reduced the exemption amount to \$500 per vehicle however the Town was required to maintain the rate frozen at \$39.00.

The State of Rhode Island has also passed legislation to phase-out wholesale and retail inventory tax over a ten-year period effective July 1, 1999. The phase-out of this tax was supposed to be supplemented through an increase in General Revenue Sharing (GRS). The GRS was supposed to be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009. Based on fiscal problems with the State budget over the last few years the program did not increase as scheduled in the 2006, 2007, 2008, or 2009 fiscal years. In fiscal 2004, 2.7% of total State tax revenues were earmarked for GRS to cities and towns. In fiscal 2005 an additional \$1 million was added to the total GRS to cities and towns rather than the planned increase to 3% of the State tax revenues. In fiscal 2006 GRS was increased to 3% of the State tax revenues. In Fiscal 2007 GRS was increased by \$137,875 and then cut by \$10,000,000 in fiscal 2008. During the 2009 fiscal year GRS was cut by another \$25,111,876 through the final adopted supplemental State budget. In fiscal 2010 the Governor's budget eliminated all GRS to Cities and Towns resulting in a loss of over \$25,000,000 to local communities.

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 2016 were based on a net assessed value of approximately \$2,591,210,000 at December 31, 2014 and amounted to approximately \$55,095,000. Collections through June 30, 2016 amounted to approximately \$51,863,000, which represents approximately 94% of the total tax levy. The collection percentage as of August 31, 2016 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, 2016 (\$5,231,993) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$1,852,333. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2016 are recorded as unavailable tax revenue and amounted to \$1,050,162 at June 30, 2016. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2016 (due to their collection within the 60 days immediately following June 30, 2016) amounted to \$2,329,498.

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, 2016**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balances</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements &</u> <u>Disposals</u>	<u>Balances</u> <u>June 30, 2016</u>
Governmental Activity:				
Nondepreciable Assets:				
Land	\$ 15,229,652	\$ 259,020		\$ 15,488,672
Construction in progress	573,135	7,030,694		7,603,829
Depreciable Assets:				
Buildings and improvements	28,313,885	423,485		28,737,370
Equipment	4,765,198	619,793		5,384,991
Vehicles	6,551,777	768,553	115,551	7,204,779
Infrastructure	78,257,767	607,898		78,865,665
Total cost	133,691,414	9,709,443	115,551	143,285,306
Accumulated Depreciation:				
Building and improvements	(15,215,006)	(625,251)		(15,840,257)
Equipment	(3,943,003)	(474,144)		(4,417,147)
Vehicles	(5,314,026)	(486,824)	(115,551)	(5,685,299)
Infrastructure	(70,409,352)	(794,064)		(71,203,416)
Total accumulated depreciation	(94,881,387)	(2,380,283)	(115,551)	(97,146,119)
Net capital assets	\$ 38,810,027	\$ 7,329,160	\$ -	\$ 46,139,187

Depreciation expense for the year ended June 30, 2016 was charged to the following functions/programs of the Town:

Governmental Activities:	
General government	\$ 639,733
Education	172,029
Public safety	508,106
Public works	1,027,474
Recreation	32,941
Total	\$ 2,380,283

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

5. CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements &</u> <u>Disposals</u>	<u>Balances</u> <u>June 30, 2016</u>
Business-Type Activities:				
Nondepreciable Assets:				
Land	\$ 270,688	-	-	\$ 270,688
Construction in progress	6,689,523	224,753	6,325,838.00	588,438
Depreciable Assets:				
Land improvements	87,129	-	-	87,129
Plant and Buildings	11,960,045	6,464,519	-	18,424,564
Equipment	10,262,180	-	-	10,262,180
Infrastructure - mains, lines, etc.	22,423,745	-	-	22,423,745
Motor vehicles	167,364	-	-	167,364
Total cost	<u>51,860,674</u>	<u>6,689,272</u>	<u>6,325,838</u>	<u>52,224,108</u>
Accumulated Depreciation:				
Land improvements	(84,271)	(495)	-	(84,766)
Plant and Buildings	(10,189,578)	(154,342)	-	(10,343,920)
Equipment	(4,622,992)	(310,038)	-	(4,933,030)
Infrastructure - mains, lines, etc.	(15,024,370)	(231,514)	-	(15,255,884)
Motor vehicles	(133,363)	(7,286)	-	(140,649)
Total accumulated depreciation	<u>(30,054,574)</u>	<u>(703,675)</u>	<u>-</u>	<u>(30,758,249)</u>
Net capital assets	<u>\$ 21,806,100</u>	<u>\$ 5,985,597</u>	<u>\$ 6,325,838</u>	<u>\$ 21,465,859</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following Business-type Activities:

Business-Type Activities:	
Sewer Authority	\$ 435,762
Water Supply Board	147,935
Smithfield Ice Rink	110,946
School Lunch Program	9,032
Total	<u>\$ 703,675</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

6. 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, 2016:

	<u>Due From</u>
School Unrestricted Fund:	
State of Rhode Island – Department of Education	\$ 25,319
State of Rhode Island – EDS – Medicaid Funding	74,007
Other Non-Major Governmental Funds:	
State of Rhode Island – Department of Education	390,089
State of Rhode Island – various departments	<u>476,795</u>
Total all fund types.....	<u>\$ 966,210</u>

7. 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 Administration. At June 30, 2016 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, 2016 the three (3%) debt limit of the Town was approximately \$77,736,000 based on the net assessed value of property at December 31, 2014 of \$2,591,210,000.

At June 30, 2016 the Town had a total of \$10,290,000 in authorized, unissued debt consisting of the following:

• Police Station – Chapter 169 PL 2014	\$6,400,000
• Town Hall Renovation – Chapter 27 PL 1987	240,000
• Sewer – Chapter 519 PL 1986	650,000
• Water – Chapter 32 PL 1989.....	<u>3,000,000</u>
Total Authorized, Unissued Debt.....	<u>\$10,290,000</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

7. LONG-TERM DEBT (Continued)

(b) At June 30, 2016, the Town's long-term debt outstanding and activity consisted of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:									
General obligation bonds:									
School Improvement 2011 Series A....	01/15/11	\$ 6,270,000	01/15/31	3.0% - 4.0%	\$ 5,835,000		\$ 110,000	\$5,725,000	\$ 385,000
School Improvement 2011 Series B....	01/15/11	1,380,000	01/15/16	1.25% - 2.4%	275,000		275,000	0	0
Refunding Bond 2012 Series A.....	05/30/12	4,520,000	10/15/23	2.05%	2,855,000		705,000	2,150,000	290,000
Premium on bond.....					90,326	\$ 392,564	15,459	467,431	0
Capital Improvement Taxable Series B	05/30/12	5,000,000	05/15/27	4.39%	4,425,000		290,000	4,135,000	300,000
School Improvement 2015 Series C....	12/22/15	4,375,000	5/15/36	3.0% - 5.0%	0	4,375,000	0	4,375,000	0
School Improvement 2015 Series E....	12/22/15	1,525,000	5/15/22	1.35% - 2.90%		1,525,000	0	1,525,000	200,000
Total general obligations bonds		<u>\$23,070,000</u>			<u>13,480,326</u>	<u>6,292,564</u>	<u>1,395,459</u>	<u>18,377,431</u>	<u>1,175,000</u>
Lease Purchase obligations:									
Public works vehicles.....	03/25/14	\$ 264,671	03/25/16	3.03%	134,310		134,310	0	0
Trash Carts lease.....	10/17/13	490,000	04/17/17	1.43%	326,800		163,400	163,400	163,400
Total lease purchase obligations.....		<u>\$ 754,671</u>			<u>461,110</u>	<u>0</u>	<u>297,710</u>	<u>163,400</u>	<u>163,400</u>
Other long-term obligations									
Net Pension Liability.....					57,697,715	12,908,234		70,605,949	0
Net OPEB Obligation.....					5,318,230	1,083,386		6,401,616	0
Compensated absences.....					4,608,925	1,704,307	1,579,000	4,734,232	650,000
Total other long-term obligations.....					<u>67,624,870</u>	<u>15,695,927</u>	<u>1,579,000</u>	<u>81,741,797</u>	<u>650,000</u>
Governmental Activities Long-Term Obligations.....					<u>\$81,566,306</u>	<u>\$21,988,491</u>	<u>\$3,272,169</u>	<u>\$100,282,628</u>	<u>\$1,988,400</u>

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

7. 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, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
Business Type Activities:									
<i>General revenue bonds/notes:</i>									
RI Clean Water Finance Agency	12/12/07	\$ 850,000	09/01/22	1.492%	\$ 486,000		\$ 56,000	\$ 430,000	\$ 57,000
RI Clean Water Finance Agency	10/06/09	560,000	09/01/24	2.89%	384,101		36,000	348,101	37,000
RI Clean Water Finance Agency	06/28/12	4,000,000	09/01/32	.22% - 2.76%	3,664,000		170,000	3,494,000	172,000
RI Clean Water Finance Agency	06/16/13	3,370,000	09/01/33	.19% - 2.53%	3,200,550		168,450	3,032,100	168,450
General obligation bonds:									
RI Clean Water Finance Agency	05/01/13	<u>227,000</u>	09/01/23	.25% - 1.91%	<u>206,000</u>		<u>22,000</u>	<u>184,000</u>	<u>22,000</u>
Total bonds obligations		<u>\$9,007,000</u>			7,940,651	\$ 0	452,450	7,488,201	456,450
Compensated absences.....					<u>107,327</u>	40,000	36,544	110,783	35,000
Business-type activities, long-term liabilities					<u>\$8,047,978</u>	<u>\$40,000</u>	<u>\$488,994</u>	<u>\$7,598,984</u>	<u>\$491,450</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

7. 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>	
2017.....	\$ 1,338,400	\$ 660,538	\$ 456,450	\$ 134,993	\$ 2,590,381
2018.....	1,285,000	624,920	460,450	131,253	2,501,623
2019.....	1,290,000	587,982	465,450	126,702	2,470,134
2020.....	1,295,000	548,300	470,450	121,282	2,435,032
2021.....	1,305,000	504,380	475,450	115,063	2,399,893
2022 - 2026.....	6,200,000	1,802,603	2,187,351	2,649,294	12,839,248
2027 - 2031.....	3,860,000	708,319	1,969,250	247,729	6,785,298
2032 - 2036.....	1,500,000	180,000	1,003,350	32,262	2,715,612
Total	\$ 18,073,400	\$ 5,617,042	\$ 7,488,201	\$ 3,558,578	\$ 34,737,221

8. 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, 2016 **Nonspendable Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Long-term portion of note receivable from the Greenville Public Library	\$ 215,088
Receivable from the Salt Barn Property which is not expected to be paid within 1 year	<u>1,010,496</u>
Total General Fund	<u>1,225,584</u>

School Unrestricted Fund:

Prepaid expenditures.....	<u>66,322</u>
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Total Nonspendable Fund Balance **\$1,291,906**

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

8. FUND BALANCES (Continued)

(a) Fund Balances (Continued)

At June 30, 2016 **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	\$ 6,088
Capital Reserve Fund.....	<u>24,350</u>
Total General Fund.....	<u>\$ 30,438</u>

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Animal control spay & neuter	\$ 7,500
Document Preservation & Technology Upgrades...	44,543
EMA Radio	16,662
Fire Prevention.....	1,944
Historical Records	38,197
Police Confiscated Funds	24,119
Scholarships.....	4,492
Senior Center Programs	76,550
Police Memorials.....	799
Dog Park	5,617
Educations Programs – School restricted.....	111,209

Capital Projects Fund:

School Improvement Project.....	1,819,638
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Permanent Funds:

Cemetery Maintenance	<u>63,670</u>
Total Nonmajor Governmental Funds.....	<u>\$2,214,940</u>

At June 30, 2016 **Committed Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Capital expenditures carryover.....	\$ 2,965,858
Re-appropriation of balances to 2017 expenditures ...	4,212,109
To supplement fiscal 2017 budget appropriation	<u>600,000</u>
Total General Fund.....	<u>\$ 7,777,967</u>

School Unrestricted Fund:

Educational programs.....	<u>\$ 1,116,394</u>
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(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

8. FUND BALANCES (Continued)

(a) Fund Balances (Continued)

At June 30, 2016 **Committed Fund Balance** consisted of the following (Continued):

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Animal Control.....	\$ 30,160
Animal Control Spay & Neuter	3,913
Public Safety – Police	230,705
Municipal Contingencies	1,546,894
Retirement Payouts (compensated absences).....	753,907
Property Revaluation	289,144
General Public Assistance	56,974

Capital Project Funds:

Green Acres Land Acquisition	113,511
Open Space – Land Acquisition.....	66,285
Impact Fees – Capital Expenditures	769,548
Smithfield Historic Landmark	882
Middle School Improvements.....	5,124
Open Space and Recreation.....	4,540
Police Equipment	61,460
Water District Improvements.....	18,745
Handicap Accessibility	10,794
Special Capital Projects	73,200
Capital outlays.....	1,317,290
Bryant Capital Contributions	230,847
Smithfield Fire Capital Outlays.....	1,244,877
Land Trust	502,041

Total Nonmajor Governmental Funds..... \$7,330,841

At June 30, 2016 **Assigned Fund Balance** consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Supplement future tax appropriations.....	<u><u>\$3,180,000</u></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, 2016**

8. FUND BALANCES (Continued)

(b) Fund Deficits:

The following funds had deficit fund balances (negative unassigned fund balance) at June 30, 2016:

MAJOR GOVERNMENTAL FUNDS:	
Police Improvement Bond Fund.....	<u>\$2,867,259</u>
 NONMAJOR GOVERNMENTAL FUNDS:	
Salt Barn Property	\$1,010,496
Planning Challenge Block Grant	<u>3,381</u>
Total Aggregate Deficit Fund Balances	<u>\$1,013,877</u>

The deficit fund balances/negative unassigned fund balances noted above will be eliminated through the future sale of the property, issuance of bond obligations, and/or transfer of funds from another project.

The following individual funds had operating deficits for the year ending June 30, 2016:

Major Governmental Funds:	
Police Improvement Bond Fund	<u>\$ 2,732,259</u>
 Business-Type Activities:	
Sewer Authority	<u>\$ 27,598</u>
 Non-major Governmental Funds:	
Special Revenue Funds:	
Document Preservation & Tech Upgrades.....	\$ 15,039
Fire Prevention	11,306
Historical Records	3,408
Revaluation Escrow	18,824
 Capital Project Funds:	
Impact Fees	176,050
Land Acq. Open Space Bond.....	252,040
Police Equipment	19,976
Special Projects Fund.....	56,139
Land Trust	16,125
Bryant Capital Contributions.....	3,226
Smithfield Fire Rescue Fund	<u>247,722</u>
 Total non-major governmental activities	 <u>\$819,855</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

9. 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, 2016 is as follows. Interfund balances are eliminated for presentation in the Government-wide financial statements.

<u>Governmental Funds:</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<i>Major Governmental Funds:</i>		
General Fund.....	\$ 4,061,229	\$ 5,559,059
School Unrestricted Fund.....	1,547,431	-
Police Improvement Bond	-	<u>2,238,120</u>
<i>Total Major Governmental Funds</i>	<u>5,608,660</u>	<u>7,797,179</u>
<i>Non-major Governmental Funds:</i>		
Special Revenue Funds	2,112,023	588,981
Capital Project Funds.....	<u>2,391,993</u>	<u>1,097,797</u>
<i>Total Non-major Governmental Funds</i>	<u>4,504,016</u>	<u>1,686,778</u>
<i>Total governmental funds</i>	<u>10,112,676</u>	<u>9,483,957</u>
<i>Proprietary Funds:</i>		
Sewer Authority	-	640,599
Water Supply Board	238,231	-
Smithfield Ice Rink.....	-	<u>226,351</u>
<i>Total proprietary funds</i>	<u>238,231</u>	<u>866,950</u>
<i>TOTAL ALL FUNDS</i>	<u>\$10,350,907</u>	<u>\$10,350,907</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

9. 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, 2016 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		\$29,618,085	\$254,722	\$29,872,807
Enterprise Funds.....	\$ 500,000			500,000
Nonmajor Governmental Funds	<u>1,402,771</u>			<u>1,402,771</u>
Total transfer in.....	<u>\$1,902,771</u>	<u>\$29,618,085</u>	<u>\$254,722</u>	<u>\$31,775,578</u>

10. DEFINED BENEFIT PENSION PLANS

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

General Information about the Pension Plan

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

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2016**

10. 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, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Other benefit provisions

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

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

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

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

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

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

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2014 valuation date, the following employees were covered by the benefit terms:

	General Employees (COLA) MERS Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan
Retirees and Beneficiaries	35	79	7	0
Inactive, Nonretired Members	15	23	3	0
Active Members	71	89	41	11
Total	121	191	51	11

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 2016 were determined by the actuarial valuation dated June 30, 2013.

The contribution information for the fiscal year ended June 30, 2016 for the MERS Plans is as follows:

	General Employees (COLA) MERS Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan
Employer Contributions (rounded)	\$ 375,000	\$ 266,600	\$ 205,600	\$ 69,700
Covered Payroll (rounded)	\$ 3,854,000	\$ 3,148,000	\$ 2,967,000	\$ 676,000
Percentage of annual covered payroll	9.73%	8.47%	6.93%	10.31%

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2014 and rolled forward to June 30, 2015, 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, 2015 measurement date (June 30, 2014 valuation rolled forward to June 30, 2015)	
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	20 years at June 30, 2015
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 & Fire Employees</u> 4% to 14%
Inflation	2.75%
Mortality	<ul style="list-style-type: none">• Male Employees, MERS General and MERS Police & 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 & Fire: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments (COLA)	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 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, 2016**

10. 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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity:	38%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8%	3.98%
Private Equity	7%	9.99%
Core Fixed Income	15%	2.18%
Asbsolute Return Hedge Funds	7%	3.98%
Infrastructure	3%	5.70%
Real Estate	8%	4.85%
Other Real Return Assets:	11%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3%	7.80%
Total	100%	

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, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

General Employees MERS COLA Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2014	\$ 14,719,791	\$ 14,101,575	\$ 618,216
Changes for the Year:			
Service Cost	320,251	-	320,251
Interest on the total pension liability	1,089,965	-	1,089,965
Changes in benefits	259,090	-	259,090
Difference between expected and actual experience	135,517	-	135,517
Changes in assumptions	-	-	-
Employer contributions	-	372,945	(372,945)
Employee contributions	-	74,217	(74,217)
Net investment income	-	333,731	(333,731)
Benefit payments, including employee refunds	(694,093)	(694,093)	-
Administrative expense	-	(13,392)	13,392
Other changes in plan fiduciary net position	-	65,665	(65,665)
Net Changes	1,110,730	139,073	971,657
Balances as of June 30, 2015	\$ 15,830,521	\$ 14,240,648	\$ 1,589,873

General Employees MERS Plan:	Changes in the Net Pension Liability (Asset)		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2014	\$ 12,337,412	\$ 12,533,801	\$ (196,389)
Changes for the Year:			
Service Cost	288,948	-	288,948
Interest on the total pension liability	905,793	-	905,793
Changes in benefits	172,051	-	172,051
Difference between expected and actual experience	(344,400)	-	(344,400)
Changes in assumptions	-	-	-
Employer contributions	-	267,616	(267,616)
Employee contributions	-	64,234	(64,234)
Net investment income	-	287,538	(287,538)
Benefit payments, including employee refunds	(809,304)	(809,304)	-
Administrative expense	-	(11,468)	11,468
Other changes in plan fiduciary net position	-	(62,902)	62,902
Net Changes	213,088	(264,286)	477,374
Balances as of June 30, 2015	\$ 12,550,500	\$ 12,269,515	\$ 280,985

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2014	\$ 11,206,890	\$ 12,623,444	\$ (1,416,554)
Changes for the Year:			
Service Cost	471,726	-	471,726
Interest on the total pension liability	849,179	-	849,179
Changes in benefits	818,130	-	818,130
Difference between expected and actual experience	165,545	-	165,545
Changes in assumptions	-	-	-
Employer contributions	-	204,685	(204,685)
Employee contributions	-	230,955	(230,955)
Net investment income	-	307,305	(307,305)
Benefit payments, including employee refunds	(240,722)	(240,722)	-
Administrative expense	-	(12,648)	12,648
Other changes in plan fiduciary net position	-	2	(2)
Net Changes	2,063,858	489,577	1,574,281
Balances as of June 30, 2015	\$ 13,270,748	\$ 13,113,021	\$ 157,727

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, 2014	\$ 716,388	\$ 742,046	\$ (25,658)
Changes for the Year:			
Service Cost	93,121	-	93,121
Interest on the total pension liability	56,935	-	56,935
Changes in benefits	16,330	-	16,330
Difference between expected and actual experience	16	-	16
Changes in assumptions	-	-	-
Employer contributions	-	52,630	(52,630)
Employee contributions	-	43,540	(43,540)
Net investment income	-	20,028	(20,028)
Benefit payments, including employee refunds	(7,626)	(7,626)	-
Administrative expense	-	(802)	802
Other changes in plan fiduciary net position	-	4,763	(4,763)
Net Changes	158,776	112,533	46,243
Balances as of June 30, 2015	\$ 875,164	\$ 854,579	\$ 20,585

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	\$ 3,244,721	\$ 1,589,873	\$ 235,553
General Employees MERS Plan	\$ 1,621,211	\$ 280,983	\$ (816,079)
Police Employees MERS Plan	\$ 1,509,014	\$ 157,727	\$ (947,865)
Fire Employees MERS Plan	\$ 109,161	\$ 20,585	\$ (51,879)

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2016 the Town of Smithfield recognized pension expense in the Government-Wide Statement of Activities of:

General Employees MERS COLA Plan	\$	452,919
General Employees MERS Plan	\$	342,859
Police Employees MERS Plan	\$	928,118
Fire Employees MERS Plan	\$	56,886

(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, 2016**

10. 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 2016, 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 9.41% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016 for the State and Town of Smithfield, respectively. The Town of Smithfield's School Department contributed approximately \$2,512,000, \$2,326,000, and \$1,858,000 for the fiscal years ended June 30, 2016, 2015 and 2014, 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, 2016 was approximately \$1,637,000. This amount has been included in the Fund Statements as revenue and educational expenditures for fiscal 2016.

Pension Liabilities and Pension Expense

At June 30, 2016, the Town of Smithfield reported a liability of \$29,391,343 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.....	\$29,391,343
State of Rhode Island's proportionate share of the net pension liability associated with the Town of Smithfield	<u>20,079,243</u>
Total net pension liability.....	<u>\$49,470,586</u>

The net pension liability was measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015. 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, 2015 the Town of Smithfield's proportion was 1.0676104%.

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TOWN OF SMITHFIELD, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

For the year ended June 30, 2016 the Town of Smithfield recognized gross pension expense in the Government-wide financial statements of \$6,507,821 and operating grants and contributions for education of \$2,438,167 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 6.50%
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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 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>.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2016

10. 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 \$22,900, \$22,200, and \$23,400 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities/Assets and Pension Expense

At June 30, 2016 the Town of Smithfield reported an asset of \$3,428,707 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, 2015, 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, 2014 rolled forward to June 30, 2015. The Town of Smithfield's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015 the Town of Smithfield's proportion was 3.67%.

For the year ended June 30, 2016 the Town of Smithfield recognized pension expense in the Government-wide financial statements of (\$198,139) – 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, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 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, 2016**

10. 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 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity:	38%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8%	3.98%
Private Equity	7%	9.99%
Core Fixed Income	15%	2.18%
Asbsolute Return Hedge Funds	7%	3.98%
Infrastructure	3%	5.70%
Real Estate	8%	4.85%
Other Real Return Assets:	11%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3%	7.80%
Total	100%	

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, 2016**

10. 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 (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Teacher's Pension Plan - ERS	\$ 36,856,508	\$ 29,391,343	\$ 23,280,049
Teachers' Survivors Benefit Plan - ERS	\$ (2,662,653)	\$ (3,428,707)	\$ (4,055,616)

(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 45 participants which include 5 disabled and 40 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, 2016 the Town contributed \$2,278,602 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, 2016.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2016 as follows:

Investment Rate of Return	7.75% (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
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, 2016**

10. 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, 2016 was approximately \$2,297,000. At June 30, 2016 the plan included 82 participants which were comprised of the following: 43 active participants; 31 retirees and beneficiaries, 3 terminated vested employees not yet receiving benefit, and 5 disabled employees receiving benefits.

Fire personnel are required by the plan document and contractual obligations to contribute 9% 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 21.6% for fiscal 2016. During the year ended June 30, 2016 the Town contributed approximately \$590,100 to the plan.

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, 2016 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	15 years closed period (20 years beginning 2011)
Asset Valuation Method	IPG assets at book value all others at market

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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, 2016 valuation.

- The discount rate assumption changed from 6.88% to 6.16%.

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, 2016 the annual money-weighted weighted rate of return on pension plan investments, net of pension plan expense was 6.17% and 2.36% 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, 2016 are summarized in the following table (rates shown include the inflation component).

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

Rate of Return (Continued)

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

Asset Class:	Long-Term Expected Rate of Return
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, 2016.

Investment:	Fire Pension Trust Fair Market Value	% of Fiduciary Net Position	Police Pension Trust Fair Market Value	% of Fiduciary Net Position
John Hancock S&P 500 Index Stock Fund	\$10,154,240	50.08%	\$2,898,228	37.23%
John Hancock Diversified Stock Fund	\$9,115,942	44.96%	\$2,777,462	35.67%
John Hancock Immediate Participation Guarantee Fund			\$1,906,190	24.48%

Net Pension Liability

The net pension liability consisted of the following components at June 30, 2016:

Component:	Fire Pension Trust	Police Pension Trust
Total pension liability	\$41,247,109	\$25,979,072
Plan fiduciary net position	\$20,275,092	\$ 7,785,651
Net pension liability	\$20,972,017	\$18,193,421
Plan fiduciary net position as a percentage of the total pension liability	49.16%	26.97%

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. 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 6.16% 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 37.6% 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 37.6% 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 2059.

Due to the fact that the fiduciary net position of the Fire Pension Trust Plan is projected to be depleted by the year 2059, a municipal bond rate of 2.71% was used in the development of the blended GASB discount rate after that point. The 2.71% 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 2.71%, the blended GASB discount rate is 6.16%.

Changes in the Net Pension Liability (Asset)

Police Pension Plan - Trust Fund	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2015	\$ 25,730,134	\$ 6,918,093	\$ 18,812,041
Changes for the Year:			
Service Cost	-	-	-
Interest on the total pension liability	1,924,447	-	1,924,447
Changes in benefits	-	-	-
Difference between expected and actual experience	155,773	-	155,773
Changes in assumptions	-	-	-
Employer contributions	-	2,278,602	(2,278,602)
Employee contributions	-	-	-
Net investment income	-	433,239	(433,239)
Benefit payments, including employee refunds	(1,831,282)	(1,831,282)	-
Administrative expense	-	(13,001)	13,001
Other changes in plan fiduciary net position	-	-	-
Net Changes	<u>248,938</u>	<u>867,558</u>	<u>(618,620)</u>
Balances as of June 30, 2016	<u>\$ 25,979,072</u>	<u>\$ 7,785,651</u>	<u>\$ 18,193,421</u>

For the year ended June 30, 2016 the Town of Smithfield recognized pension expense of \$1,572,195 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, 2016**

10. 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, 2015	\$ 35,615,775	\$ 20,319,954	\$ 15,295,821
Changes for the Year:			
Service Cost	755,471	-	755,471
Interest on the total pension liability	2,457,170	-	2,457,170
Changes in benefits	1,368	-	1,368
Difference between expected and actual experience	(233,333)	-	(233,333)
Changes in assumptions	3,986,007	-	3,986,007
Employer contributions	-	590,143	(590,143)
Employee contributions	-	245,893	(245,893)
Net investment income	-	473,027	(473,027)
Benefit payments, including employee refunds	(1,335,349)	(1,335,349)	-
Administrative expense	-	(12,497)	12,497
Other changes in plan fiduciary net position	-	(6,079)	6,079
Net Changes	5,631,334	(44,862)	5,676,196
Balances as of June 30, 2016	\$ 41,247,109	\$ 20,275,092	\$ 20,972,017

For the year ended June 30, 2016 the Town of Smithfield recognized pension expense of \$1,325,229 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	\$ 21,139,731	\$ 18,193,421	\$ 15,736,927

	Ending Net Pension Liability (Asset)		
	1% Decrease (5.16%)	Current Discount Rate (6.16%)	1% Increase (7.16%)
Fire Pension Plan - Trust Fund	\$ 27,740,105	\$ 20,972,017	\$ 15,600,668

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	General Employees MERS COLA Plan	General Employees MERS Plan	Police Employees MERS Plan	Fire Employees MERS Plan	Teacher's ERS Plan	Teachers' TSB Plan	Police Pension Plan	Fire Pension Plan	Total All Plan
Deferred Outflows of Resources:									
Contributions subsequent to measurement date	\$ 375,034	\$ 266,629	\$ 205,616	\$ 69,672	\$ 2,512,287	\$ 22,914	\$ -	\$ -	\$ 3,452,152
Difference between projected and actual earnings	4,071	6,329	-	-	-	-	105,734	1,200,942	1,317,076
Difference between projected and actual experience	114,451	-	149,060	15	-	792,714	-	-	1,056,240
Changes in assumptions	-	11,163	-	-	-	-	-	3,189,835	3,200,998
Changes in proportion and difference in employer contributions and proportion	-	-	-	-	2,933,656	169,250	-	-	3,102,906
Subtotal deferred outflows of resources	493,556	284,121	354,676	69,687	5,445,943	984,878	105,734	4,390,777	12,129,372
Deferred Inflows of Resources:									
Difference between actual and expected experience	-	265,076	-	-	191,378	-	-	247,142	703,596
Difference between projected and actual earnings	-	-	2,406	1,270	22,172	12,496	-	-	38,344
Changes in assumptions	101,602	-	157,772	2,158	790,139	-	-	3,398,090	4,449,761
Subtotal deferred inflows of resources	101,602	265,076	160,178	3,428	1,003,689	12,496	-	3,645,232	5,191,701
Net Deferred Outflows (Inflows)	\$ 391,954	\$ 19,045	\$ 194,498	\$ 66,259	\$ 4,442,254	\$ 972,382	\$ 105,734	\$ 745,545	\$ 6,937,671

Deferred outflows of resources related to 2016 contributions to pension plans subsequent to the measurement date (June 30, 2015 where applicable) will be recognized as a reduction of the net pension liability for the year ended June 30, 2017.

Other amounts noted above and reported as deferred outflows or inflows of resources at June 30, 2016 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, 2016**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	Net Deferred Outflows (Inflows) of Resources
2017.....	\$ 103,422
2018.....	103,422
2019.....	99,420
2020.....	1,936,229
2021.....	424,322
Thereafter.....	818,704
Total.....	\$ 3,485,519

11. 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 \$1,334,000 and \$539,000, respectively, during the fiscal year ended June 30, 2016. The employer contribution of \$539,000 consisted of approximately \$35,000 for general municipal employees, \$31,900 for noncertified school employees, and \$472,100 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, 2016 amounted to approximately \$70,500.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

11. DEFINED CONTRIBUTION PLAN (Continued)

The Town of Smithfield recognized pension expense of \$539,000 for the fiscal year ended June 30, 2016.

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.

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

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

12. 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 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

At June 30, 2014 (most recent available) there were approximately 546 participants included in the valuation analysis completed by the Town's actuary. The participants consisted of the following: 193 Town employees including Smithfield Ice Rink and Water Fund (152 active and 41 retirees and spouses); 353 School employees (313 active and 40 retirees and spouses).

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Funding Policy

The Annual Required Contribution (ARC) for the retiree medical program consists of two pieces: A Normal Cost (the cost of benefits earned each year should be accrued in that year plus a Past Service Cost (a catch-up accrual to amortize the unfunded accrual liability). The actuarial valuation selected a 30 year amortization period for the past service costs.

The ARC for the fiscal year ended June 30, 2016 was calculated as follows:

Past service cost	\$ 1,607,261
Normal cost	827,750
Interest.....	<u>69,029</u>
ARC for fiscal year ended June 30, 2016	<u>\$2,504,040</u>

The ARC was allocated as follows: \$2,070,835 to the Town Departments and \$433,205 to the School Department.

The Town and School Department currently pay for other post-employment benefits in a pay-as-you-go basis. For the fiscal year ended June 30, 2016 these pay-as-you-go benefits were estimated to be approximately \$1,223,000 which consisted of approximately \$756,000 for Town personnel and \$467,000 for School personnel. The estimated pay-as-you-go benefits represented 55% of the ARC for fiscal 2016. In addition, during the fiscal year ended June 30, 2016 the Town and employees contributed approximately \$100,000 and \$27,000, respectively, to the OPEB Trust Fund. As a result, the total amount deemed contributions towards the ARC for fiscal 2016 was approximately \$1,350,000 which represented approximately 54% of the annual required contribution for fiscal 2016.

The Town's annual OPEB cost and net OPEB obligation (NOO) as of and for the year ended June 30, 2016 was as follows:

Annual Required Contribution (ARC)	\$2,504,040
Interest on NOO	305,798
Adjustment to ARC	<u>(376,085)</u>
Annual OPEB Cost	2,433,753
Actual contributions made	<u>1,350,079</u>
Increase in NOO	1,083,674
NOO at beginning of year	<u>5,318,230</u>
Net OPEB Obligation, June 30, 2016	<u>\$6,401,904</u>

The net OPEB obligation noted above is reported as a long-term obligation in the Government-Wide Statement of Net Position at June 30, 2016.

As of June 30, 2016 the Town intends to fund the future OPEB obligations through the Town's General Fund and School's General Unrestricted Fund. Therefore the Net OPEB Obligation attributable to the Smithfield Ice Rink and Water Fund (Proprietary Funds) is reported in the governmental activities of the Government-Wide Statement of Net Position rather than in the Business Activities and the Fund Statements of the Proprietary Funds.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Trend Information

<u>Fiscal year</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>
2014	\$2,284,507	100.1%	\$4,427,280	\$34,258,672
2015	\$2,300,896	61.3%	\$5,318,230	\$35,630,471
2016	\$2,433,753	55.5%	\$6,401,904	\$35,630,471

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB Plan with a valuation date of June 30, 2016 which is the most recent report available from the Town of Smithfield's Actuary.

- Actuarial value of assets - \$2,519,734
- Actuarial Accrued liability - \$28,509,459
- Unfunded Actuarial Accrued liability (UAL) - \$25,989,725
- Funded Ratio – 8.84%
- Annual covered payroll – \$35,630,471
- UAL as percentage of payroll – 72.94%

Actuarial Assumptions

The following actuarial assumptions were utilized in completing the actuarial valuation as of June 30, 2016:

- a. **Actuarial Method:** Projected Unit Credit
- b. **Interest Rate:** 5.4%
- c. **2016 Medical Trend Rate:** 7.0%
- d. **Ultimate Medical Trend Rate:** 4.50%
- e. **Year Ultimate Medical Trend Rate Reached:** 2021
- f. **Mortality Rates:** The RP-2014 projecting monthly improvements generationally using MP-2014, to reflect the Society of Actuaries' new mortality rate study.
- g. **Amortization Period:** 30 year level dollar, open basis.
- h. **Participation:** 100% for future retirees of all non-school employees. 50% for all future retirees hired after December 31, 1988. For School employees, 100% for future retirees expecting to receive full coverage and 85% for future retirees without full coverage.
- i. **Medical Care Inflation:** Ranges from 7.5% in 2015 to 4.5% in 2021 and after.
 - Inflation rate represents the premium increases from July 1st annually.
 - For School retirees hired before June 20, 1989 who did not meet the age or length of service requirements their benefits are frozen at the time of retirement and the employee is required to cover all rate increases. Accordingly, there is no post-retirement inflation adjustment for these personnel.

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

13. 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.

14. RISK MANAGEMENT

Health Care

The Town provides medical and dental coverage for all eligible employees of the Town and their dependents. The Town participates in a healthcare collaborative through the Rhode Island Interlocal Risk Management Trust (The Trust). The Trust 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, 2016 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, 2016, the Town paid premiums of approximately \$164,000 and \$269,000, for its workers' compensation and property and liability coverage, respectively. At June 30, 2016 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, 2016 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, 2016**

15. 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, 2016 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, 2016 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.

As of June 30, 2016 the Town had entered into a construction contract for improvements to the police station. The total contract for the improvements was \$5,070,300. As for June 30, 2016 the balance remaining on the contract for work which was not completed was approximately \$2,700,000.

16. SUBSEQUENT EVENTS

On August 23, 2016 the Town of Smithfield issued 2016 Series A Bonds in the amount of \$6,075,000 to be used to finance the renovation and expansion of the Smithfield Police Station. The bonds are due over a twenty year period of time and have a true interest cost of 1.9441%. Interest payments are due semi-annually commencing on March 1, 2017 while principal payments are due annually commencing on September 1, 2017. The Town received a premium of \$458,935 upon sale of the bonds. The bonds are scheduled to mature on September 1, 2036.

(CONCLUDED)

TOWN OF SMITHFIELD

REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Original Budget	Revised Budget	Carryover of Prior Year Balance	Final Budget	Actual Revenues	Positive (Negative) Variance
General property taxes						
Property taxes	\$ 55,003,252	\$ 55,003,252	\$ -	\$ 55,003,252	\$ 55,243,808	\$ 240,556
Total general property taxes	<u>55,003,252</u>	<u>55,003,252</u>	<u>-</u>	<u>55,003,252</u>	<u>55,243,808</u>	<u>240,556</u>
Intergovernmental revenues						
State aid for education	5,340,503	5,340,503	-	5,340,503	5,309,806	(30,697)
School housing aid	200,000	200,000	-	200,000	385,454	185,454
Payment-in-Lieu of taxes	525,939	525,939	-	525,939	625,901	99,962
State hotel and meals tax	868,795	868,795	-	868,795	864,020	(4,775)
Motor vehicle phase-out	253,182	253,182	-	253,182	255,759	2,577
Municipal Incentive Aid	-	-	-	-	101,997	101,997
Other federal and state grants	2,000	2,000	-	2,000	-	(2,000)
Public utilities tax	291,036	291,036	-	291,036	265,491	(25,545)
Total intergovernmental revenues	<u>7,481,455</u>	<u>7,481,455</u>	<u>-</u>	<u>7,481,455</u>	<u>7,808,428</u>	<u>326,973</u>
Licenses, fees and permits	<u>660,000</u>	<u>660,000</u>	<u>-</u>	<u>660,000</u>	<u>938,783</u>	<u>278,783</u>
Interest income:						
Interest - short-term investments	50,000	50,000	-	50,000	125,073	75,073
Interest on taxes	240,000	240,000	-	240,000	329,717	89,717
Total interest income	<u>290,000</u>	<u>290,000</u>	<u>-</u>	<u>290,000</u>	<u>454,790</u>	<u>164,790</u>
Departmental revenue:						
School department	350,000	350,000	-	350,000	327,820	(22,180)
Impact fees	300,000	300,000	-	300,000	300,000	-
Miscellaneous	90,000	90,000	-	90,000	414,210	324,210
Total departmental revenues	<u>740,000</u>	<u>740,000</u>	<u>-</u>	<u>740,000</u>	<u>1,042,030</u>	<u>302,030</u>
Total revenues before other financing sources	<u>64,174,707</u>	<u>64,174,707</u>	<u>-</u>	<u>64,174,707</u>	<u>65,487,839</u>	<u>1,313,132</u>
Other financing sources						
Appropriated fund balance	600,000	600,000	4,336,122	4,936,122	4,936,122	-
Transfer from other funds	2,253,300	2,253,300	-	2,253,300	1,602,771	(650,529)
Total other financing sources	<u>2,853,300</u>	<u>2,853,300</u>	<u>4,336,122</u>	<u>7,189,422</u>	<u>6,538,893</u>	<u>(650,529)</u>
Total revenue and other financing sources	<u>67,028,007</u>	<u>67,028,007</u>	<u>4,336,122</u>	<u>71,364,129</u>	<u>72,026,732</u>	<u>662,603</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, 2016

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
General Government:							
Town Administration and Solicitor	730,083	81,293	811,376	877,900	80,070	957,970	(146,594)
Building Inspectors Office	301,437	-	301,437	249,951	-	249,951	51,486
Tax Assessor's Office	183,826	-	183,826	189,088	-	189,088	(5,262)
Treasurer / Tax Collectors Office	450,614	-	450,614	517,888	-	517,888	(67,274)
Town Clerks Office	253,951	-	253,951	256,001	-	256,001	(2,050)
Town Hall expense	190,800	95,380	286,180	140,362	121,200	261,562	24,618
Municipal Planners Office & Town Engineer	340,375	339,206	679,581	252,593	381,206	633,799	45,782
Board of Canvassers/Elections	10,000	-	10,000	13,361	-	13,361	(3,361)
Conservation Commission/Green Acre	16,750	-	16,750	13,044	-	13,044	3,706
Town Boards and Commissions	24,220	-	24,220	14,742	-	14,742	9,478
Total General Government	2,502,056	515,879	3,017,935	2,524,930	582,476	3,107,406	(89,471)
Public Safety:							
Police Department	4,908,146	-	4,908,146	4,821,192	-	4,821,192	86,954
Fire Department	5,185,164	-	5,185,164	5,349,530	-	5,349,530	(164,366)
Animal Control	120,458	-	120,458	114,294	-	114,294	6,164
Emergency Management Agency	13,377	7,479	20,856	12,119	8,080	20,199	657
Total Public Safety	10,227,145	7,479	10,234,624	10,297,135	8,080	10,305,215	(70,591)
Public Works:							
Payroll and operating expense	1,441,090	-	1,441,090	1,322,674	-	1,322,674	118,416
Rubbish and garbage collection	960,000	-	960,000	970,610	-	970,610	(10,610)
Street lights	272,000	-	272,000	348,039	-	348,039	(76,039)
Hydrant service	209,710	41,476	251,186	248,985	2,201	251,186	-
Highway resurfacing	640,000	307,963	947,963	590,412	357,551	947,963	-
Highway drainage	30,000	209,756	239,756	4,939	202,694	207,633	32,123
Landfill program	100,000	472,722	572,722	168,362	404,360	572,722	-
Total Public Works	3,652,800	1,031,917	4,684,717	3,654,021	966,806	4,620,827	63,890
Public Health and Assistance:							
General Public Assistance	8,575	-	8,575	7,938	-	7,938	637
Total Public Health and Assistance	8,575	-	8,575	7,938	-	7,938	637

(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, 2016

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Revised Budgeted Expenditures	Actual Expenditures	GAAP Reclass Budgetary Entries RUBS	Budget Basis Actual Expenditures	Positive (Negative) Variance
Recreation:							
Parks and Recreation Department	460,862	25,928	486,790	470,457	8,518	478,975	7,815
Debt Service:							
Redemption of Bonds and Notes	1,380,000	1,021,432	2,401,432	1,380,000	1,021,432	2,401,432	-
Financing cost and other use	-	117,876	117,876	3,450	114,426	117,876	-
Interest on Bonds and Notes	473,871	1,229,725	1,703,596	560,145	1,143,451	1,703,596	-
Total Debt Service	1,853,871	2,369,033	4,222,904	1,943,595	2,279,309	4,222,904	-
Miscellaneous - Town:							
Retirement Fund	3,470,759	-	3,470,759	3,572,982	-	3,572,982	(102,223)
Computer services	75,000	18,213	93,213	104,299	-	104,299	(11,086)
Technology coordinator	48,000	113,772	161,772	48,000	113,772	161,772	-
Computer operations	25,000	161,665	186,665	13,059	162,521	175,580	11,085
Social Security Taxes	960,000	-	960,000	971,294	-	971,294	(11,294)
Audit services	62,000	-	62,000	62,000	-	62,000	-
Unemployment Compensation	30,000	-	30,000	12,987	-	12,987	17,013
Post employment escrow	100,000	-	100,000	100,000	-	100,000	-
Insurance	576,500	-	576,500	537,591	-	537,591	38,909
Blue Cross/Delta Dental	3,500,000	-	3,500,000	3,269,706	-	3,269,706	230,294
Postage	40,000	-	40,000	33,884	-	33,884	6,116
Town aided programs	51,492	-	51,492	51,492	-	51,492	-
School Department Escrow	250,000	-	-	-	-	-	-
Sewer Assessments and Handicapped Access	2,000	76,890	78,890	4,206	74,684	78,890	-
Senior Activities Center	314,620	15,346	329,966	298,801	15,943	314,744	15,222
Reserve for Unpaid Taxes and Abatements	100,000	-	100,000	-	-	-	100,000
Capital Expenditures - prior reserves	-	-	-	421,669	-	421,669	(421,669)
Total Miscellaneous - Town	9,605,371	385,886	9,741,257	9,501,970	366,920	9,868,890	(127,633)
Municipal Capital Improvements	1,595,681	-	1,595,681	1,214,916	-	1,214,916	380,765

(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, 2016

	<u>Original Budgeted Expenditures</u>	<u>Carryover of Prior Year Balance</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>GAAP Reclass Budgetary Entries RUBS</u>	<u>Budget Basis Actual Expenditures</u>	<u>Positive (Negative) Variance</u>
Transfers to other funds:							
School unrestricted fund -appropriation	29,368,085	-	29,618,085	29,618,085	-	29,618,085	-
School miscellaneous revenue	350,000	-	350,000	327,820	-	327,820	22,180
State aid for education	5,340,503	-	5,340,503	5,309,806	-	5,309,806	30,697
East Smithfield Neighborhood Center	19,979	-	19,979	19,979	-	19,979	-
East Smithfield Neighborhood Public Library	504,377	-	504,377	504,377	-	504,377	-
Greenville Public Library	778,702	-	778,702	778,702	-	778,702	-
Municipal Escrow	240,000	-	240,000	243,000	-	243,000	(3,000)
Revaluation Escrow	25,000	-	25,000	25,000	-	25,000	-
Merit Escrow	125,000	-	125,000	-	-	-	125,000
Retirement Escrow	50,000	-	50,000	50,000	-	50,000	-
Capital Reserve Fund	320,000	-	320,000	225,000	-	225,000	95,000
Transfer to Other Funds	-	-	-	29,722	-	29,722	(29,722)
Total transfers	<u>37,121,646</u>	<u>-</u>	<u>37,371,646</u>	<u>37,131,491</u>	<u>-</u>	<u>37,131,491</u>	<u>240,155</u>
Total Expenditures and other financing uses	<u>67,028,007</u>	<u>4,336,122</u>	<u>71,364,129</u>	<u>66,746,453</u>	<u>4,212,109</u>	<u>70,958,562</u>	<u>405,567</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,280,279</u>	<u>\$ (4,212,109)</u>	<u>\$ 1,068,170</u>	<u>\$ 1,068,170</u>

(Concluded)

TOWN OF SMITHFIELD, RHODE ISLAND

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

For the Year Ended June 30, 2016

Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis (Exhibit RSI-1)	\$ 1,068,170
Less reappropriation of fund balance and prior year RUBS which are reported as revenue for budget purposes but not reported in accordance with GAAP.	(4,936,122)
Add amounts reported as expenditures for budget purposes but which represent RUBS for carryover to future years. These are not GAAP expenditures.	4,212,109
Add net increase in fund balance for the fiscal year ended June 30, 2016 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.	20,832
Excess of revenues and other financing sources over expenditures and other financing uses, GAAP basis (Exhibit B-2)	<u><u>\$ 364,989</u></u>

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

For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State aid - Intergovernmental	\$ 5,309,086	\$ 5,309,806	\$ 5,309,806	\$ -
Medicaid, Tuition, and Miscellaneous	350,000	350,000	327,820	(22,180)
Total revenues	<u>5,659,086</u>	<u>5,659,806</u>	<u>5,637,626</u>	<u>(22,180)</u>
Expenditures:				
Salaries	21,781,607	21,612,405	21,488,081	124,324
Employee benefits	7,811,472	7,748,235	7,690,832	57,403
Purchased services	4,608,915	4,850,093	4,410,362	439,731
Supplies and materials	1,126,360	1,047,056	1,024,488	22,568
Other	46,172	51,438	42,882	8,556
Capital outlay	278,125	344,272	537,604	(193,332)
Total expenditures	<u>35,652,651</u>	<u>35,653,499</u>	<u>35,194,249</u>	<u>459,250</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(29,993,565)</u>	<u>(29,993,693)</u>	<u>(29,556,623)</u>	<u>437,070</u>
Other financing sources (uses):				
Operating transfer from Town appropriation	29,168,085	29,168,085	29,168,085	-
Operating transfer from Town for capital	450,000	450,000	450,000	-
Use of June 30, 2015 fund balance	375,480	375,608	375,608	-
Total other financing sources (uses)	<u>29,993,565</u>	<u>29,993,693</u>	<u>29,993,693</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,070</u>	<u>\$ 437,070</u>

Reconciliation of Budgetary Basis to GAAP Basis:

Excess of revenues and other financing sources over expenditures and other financing uses - Budgetary Basis (RSI-2)	\$ 437,070
Less use of June 30, 2015 fund balance	(375,608)
Revenues and other financing sources under expenditures and other financing uses - GAAP Basis (Exhibit B-2)	<u>\$ 61,462</u>

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
UNAUDITED**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability:		
Service cost	\$ 320,251	\$ 332,297
Interest	1,089,965	1,048,556
Changes of benefit terms	259,090	-
Differences between expected and actual experience	135,517	-
Changes in assumptions	-	(133,298)
Benefit payments	<u>(694,093)</u>	<u>(684,734)</u>
Net change in total pension liability	1,110,730	562,821
Total pension liability - beginning of year	14,719,791	14,156,970
Total pension liability - ending of year (a)	<u>\$ 15,830,521</u>	<u>\$ 14,719,791</u>
Plan fiduciary net position:		
Contribution - employer	\$ 372,945	\$ 289,607
Contribution - employee	74,217	66,806
Net investment income	333,731	1,878,173
Benefit payments, including refunds of employee contributions	(694,093)	(684,734)
Administrative expenses	(13,392)	(11,761)
Other changes in plan fiduciary net position	65,665	-
Net change in plan fiduciary net position	<u>139,073</u>	<u>1,538,091</u>
Plan fiduciary net position - beginning of year	14,101,575	12,563,484
Plan fiduciary net position - ending of year (b)	<u>\$ 14,240,648</u>	<u>\$ 14,101,575</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 1,589,873</u>	<u>\$ 618,216</u>
Plan fiduciary net position as a percentage of the total pension liability	89.96%	95.80%
Covered-employee payroll	\$ 3,710,901	\$ 3,584,647
Net pension liability as a percentage of covered-employee payroll	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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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>
6/30/2014	\$ 289,607	\$ 289,607	\$ -	\$ 3,584,647	8.08%
6/30/2015	\$ 372,945	\$ 372,945	\$ -	\$ 3,710,901	10.05%

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, 2016 only two years is 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
UNAUDITED

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:		
Service cost	\$ 288,948	\$ 315,326
Interest	905,793	877,404
Changes of benefit terms	172,051	-
Differences between expected and actual experience	(344,400)	-
Changes in assumptions	-	21,275
Benefit payments	<u>(809,304)</u>	<u>(835,313)</u>
Net change in total pension liability	213,088	378,692
Total pension liability - beginning of year	12,337,412	11,958,720
Total pension liability - ending of year (a)	<u>\$ 12,550,500</u>	<u>\$ 12,337,412</u>
Plan fiduciary net position:		
Contribution - employer	\$ 267,616	\$ 239,838
Contribution - employee	64,236	63,703
Net investment income	287,538	1,669,363
Benefit payments, including refunds of employee contributions	(809,304)	(835,313)
Administrative expenses	(11,468)	(10,454)
Other changes in plan fiduciary net position	<u>(62,902)</u>	<u>(62,377)</u>
Net change in plan fiduciary net position	(264,284)	1,064,760
Plan fiduciary net position - beginning of year	12,533,801	11,469,041
Plan fiduciary net position - ending of year (b)	<u>\$ 12,269,517</u>	<u>\$ 12,533,801</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 280,983</u>	<u>\$ (196,389)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.76%	101.59%
Covered-employee payroll	\$ 3,137,333	\$ 3,185,110
Net pension liability as a percentage of covered-employee payroll	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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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>
6/30/2014	\$ 239,838	\$ 239,838	\$ -	\$ 3,185,110	7.53%
6/30/2015	\$ 267,616	\$ 267,616	\$ -	\$ 3,137,333	8.53%

Notes:

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

The information in this schedule is intended to show 10 years. However as of June 30, 2016 only two years is 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
UNAUDITED

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:		
Service cost	\$ 471,726	\$ 451,642
Interest	849,179	786,421
Changes of benefit terms	818,130	-
Differences between expected and actual experience	165,545	-
Changes in assumptions	-	(183,362)
Benefit payments	<u>(240,722)</u>	<u>(215,212)</u>
Net change in total pension liability	2,063,858	839,489
Total pension liability - beginning of year	11,206,890	10,367,401
Total pension liability - ending of year (a)	<u>\$ 13,270,748</u>	<u>\$ 11,206,890</u>
Plan fiduciary net position:		
Contribution - employer	\$ 204,685	\$ 133,929
Contribution - employee	230,955	227,478
Net investment income	307,305	1,681,302
Benefit payments, including refunds of employee contributions	(240,722)	(215,212)
Administrative expenses	(12,648)	(10,528)
Other changes in plan fiduciary net position	<u>2</u>	<u>-</u>
Net change in plan fiduciary net position	489,577	1,816,969
Plan fiduciary net position - beginning of year	12,623,444	10,806,475
Plan fiduciary net position - ending of year (b)	<u>\$ 13,113,021</u>	<u>\$ 12,623,444</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 157,727</u>	<u>\$ (1,416,554)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.81%	112.64%
Covered-employee payroll	\$ 2,886,942	\$ 2,753,917
Net pension liability as a percentage of covered-employee payroll	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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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>
6/30/2014	\$ 133,929	\$ 133,929	\$ -	\$ 2,753,917	4.86%
6/30/2015	\$ 204,685	\$ 204,685	\$ -	\$ 2,886,942	7.09%

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, 2016 only two years is 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
UNAUDITED

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>
Total pension liability:		
Service cost	\$ 93,121	\$ 81,253
Interest	56,935	47,318
Changes of benefit terms	16,330	-
Differences between expected and actual experience	16	-
Changes in assumptions	-	(2,446)
Benefit payments	(7,626)	(24)
Net change in total pension liability	158,776	126,101
Total pension liability - beginning of year	716,388	590,287
Total pension liability - ending of year (a)	<u>\$ 875,164</u>	<u>\$ 716,388</u>
Plan fiduciary net position:		
Contribution - employer	\$ 52,630	\$ 37,684
Contribution - employee	43,540	37,684
Net investment income	20,028	98,832
Benefit payments	(7,626)	(24)
Administrative expenses	(802)	(619)
Other changes in plan fiduciary net position	4,763	22,655
Net change in plan fiduciary net position	112,533	196,212
Plan fiduciary net position - beginning of year	742,046	545,834
Plan fiduciary net position - ending of year (b)	<u>\$ 854,579</u>	<u>\$ 742,046</u>
Plan's net pension liability - ending (a)-(b)	<u>\$ 20,585</u>	<u>\$ (25,658)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.65%	103.58%
Covered-employee payroll	\$ 544,248	\$ 471,033
Net pension liability as a percentage of covered-employee payroll	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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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>
6/30/2014	\$ 37,684	\$ 37,684	\$ -	\$ 471,033	8.00%
6/30/2015	\$ 52,630	\$ 52,630	\$ -	\$ 544,248	9.67%

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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

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, 2012 determined the contribution amounts for fiscal 2015.

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	20 years as of June 30, 2015
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
UNAUDITED

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Employer's proportion of the net pension liability	1.06761040%	0.94353141%
Employer's proportionate share of the net pension liability	\$ 29,391,343	\$ 22,965,558
State of Rhode Island's proportionate share of the net pension liability associated with the Town of Smithfield	\$ 20,079,243	\$ 15,748,541
Total net pension liability	<u>\$ 49,470,586</u>	<u>\$ 38,714,099</u>
Employer's covered payroll	\$ 17,937,129	\$ 17,399,316
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	163.86%	131.99%
Plan fiduciary net position as a percentage of the total pension liability	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, 2016 only two years is available.

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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%

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, 2016 only two years is 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
UNAUDITED

	June 30, 2016	June 30, 2015
Employer's proportion of the net pension liability	3.67273811%	3.84845352%
Employer's proportionate share of the net pension liability (asset)	\$ (3,428,707)	\$ (4,784,426)
Employer's covered payroll	\$ 17,937,129	\$ 17,399,316
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-19.12%	-27.50%
Plan fiduciary net position as a percentage of the total pension asset	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, 2016 only two years is available

TOWN OF SMITHFIELD, RHODE ISLAND

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

<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%

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, 2016 only two years is available

TOWN OF SMITHFIELD, RHODE ISLAND

Required Supplementary Information

Notes to Schedules

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

UNAUDITED

The following reflects the changes in benefit provisions for the Municipal Employers Retirement System (MERS), State Employees Retirement System/ERS (Teachers Plan), and the Teachers Survivors Benefit Plan which are administered by the State of Rhode Island.

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:

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
UNAUDITED

	<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	\$ 755,471	\$ 824,891	\$ 388,599
Interest	2,457,170	2,348,730	2,206,063
Changes of benefit terms	1,368	-	-
Differences between expected and actual experience	(233,333)	(95,975)	80,736
Changes in assumptions	3,986,007	(5,398,258)	11,244,567
Benefit payments	<u>(1,335,349)</u>	<u>(1,275,432)</u>	<u>(1,297,202)</u>
Net change in total pension liability	5,631,334	(3,596,044)	12,622,763
Total pension liability - beginning of year	35,615,775	39,211,819	26,589,056
Total pension liability - ending of year (a)	<u>\$ 41,247,109</u>	<u>\$ 35,615,775</u>	<u>\$ 39,211,819</u>
Plan fiduciary net position:			
Contribution - employer	\$ 590,143	\$ 551,629	\$ 499,542
Contribution - employee	245,893	241,067	203,242
Net investment income	473,027	1,293,356	3,566,181
Benefit payments, including refunds of employee contributions	(1,335,349)	(1,275,432)	(1,297,202)
Administrative expenses	(12,497)	(14,522)	(18,008)
Other	<u>(6,079)</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	(44,862)	796,098	2,953,755
Plan fiduciary net position - beginning of year	20,319,954	19,523,856	16,570,101
Plan fiduciary net position - ending of year (b)	<u>\$ 20,275,092</u>	<u>\$ 20,319,954</u>	<u>\$ 19,523,856</u>
Plan's net pension liability - ending (a)-(b)	<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	49.16%	57.05%	49.79%
Covered-employee payroll	\$ 2,296,642	\$ 2,266,764	\$ 2,192,989
Net pension liability as a percentage of covered-employee payroll	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%

The information in this schedule is intended to show 10 years. However as of June 30, 2016 only three 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
UNAUDITED

	<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	1,924,447	1,883,156	1,864,562
Changes of benefit terms	-	-	-
Differences between expected and actual experience	155,773	117,690	104,611
Changes in assumptions	-	339,700	35,156
Benefit payments	<u>(1,831,282)</u>	<u>(1,785,098)</u>	<u>(1,744,471)</u>
Net change in total pension liability	248,938	555,448	259,858
Total pension liability - beginning of year	25,730,134	25,174,686	24,914,828
Total pension liability - ending of year (a)	<u>\$ 25,979,072</u>	<u>\$ 25,730,134</u>	<u>\$ 25,174,686</u>
Plan fiduciary net position:			
Contribution - employer	\$ 2,278,602	\$ 2,277,340	\$ 2,079,373
Contribution - employee	-	-	-
Net investment income	433,239	488,660	915,560
Benefit payments, including refunds of employee contributions	(1,831,282)	(1,785,098)	(1,744,471)
Administrative expenses	(13,001)	(15,018)	(18,008)
Other	-	-	-
Net change in plan fiduciary net position	867,558	965,884	1,232,454
Plan fiduciary net position - beginning of year	6,918,093	5,952,209	4,719,755
Plan fiduciary net position - ending of year (b)	<u>\$ 7,785,651</u>	<u>\$ 6,918,093</u>	<u>\$ 5,952,209</u>
Plan's net pension liability - ending (a)-(b)	<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	29.97%	26.89%	23.64%
Covered-employee payroll	n/a	n/a	n/a
Net pension liability as a percentage of covered-employee payroll	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, 2016 only three 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, 2016
UNAUDITED

Schedule of Employer Contributions

	Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a % of Covered Payroll
Police Pension Trust Fund	2016	\$2,095,635	\$2,278,602	\$182,967	N/A	N/A
	2015	\$2,079,553	\$2,277,340	\$197,787	N/A	N/A
	2014	\$2,114,309	\$2,079,373	(\$34,936)	N/A	N/A
Fire Pension Trust Fund	2016	\$1,294,057	\$590,143	(\$703,914)	\$2,296,642	25.70%
	2015	\$1,336,605	\$551,629	(\$784,976)	\$2,266,764	24.34%
	2014	\$1,455,376	\$499,542	(\$955,834)	\$2,192,989	22.78%

Schedule of Investment Returns

	Year Ended June 30	Actual Money Weighted Rate of Return, Net of Investment Expenses
Police Pension Trust Fund	2016	6.17%
	2015	7.42%
	2014	15.55%
Fire Pension Trust Fund	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, 2016 only three 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 Funding Progress OPEB Plan
June 30, 2016
UNAUDITED

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAL as a Percentage of Covered Payroll
Town of Smithfield -							
Other Post-Employment Benefit Program							
	6/30/2011	\$ -	\$ 31,168,449	\$ (31,168,449)	0.00%	\$ 32,311,568	96.5%
	6/30/2012 **	\$ -	\$ 33,727,292	\$ (33,727,292)	0.00%	\$ 33,209,399	101.6%
	6/30/2013	\$ 977,467	\$ 24,768,046	\$ (23,790,579)	3.95%	\$ 34,537,775	68.9%
	6/30/2014	\$ 2,085,228	\$ 24,467,167	\$ (22,381,939)	8.52%	\$ 34,258,672	65.33%
	6/30/2015	\$ 2,369,807	\$ 26,404,997	\$ (24,035,190)	8.97%	\$ 35,630,471	67.46%
	6/30/2016	\$ 2,519,734	\$ 28,509,459	\$ (25,989,725)	8.84%	\$ 35,630,471	72.94%

** = Amounts were restated by Actuary due to a change/clarification of eligibility requirements.

The actuarial accrued liability (AAL) at June 30, 2015 is attributable to the following departments of the Town of Smithfield, Rhode Island:

General Government - Town	\$ 21,511,022
School Department	4,691,122
Water Department	194,885
Ice Rink	7,968
Total AAL	<u><u>\$ 26,404,997</u></u>

The following represents the Annual Required Contributions by Department for the fiscal years ended June 30 as determined by the actuarial valuations noted above:

	General Fund Employees	Water Department	Smithfield Ice Rink	School Department	Total ARC
Fiscal year ended June 30, 2016	\$ 2,050,247	\$ 19,434	\$ 1,154	\$ 433,205	\$ 2,504,040
Fiscal year ended June 30, 2015	\$ 1,906,826	\$ 17,574	\$ 974	\$ 430,544	\$ 2,355,918
Fiscal year ended June 30, 2014	\$ 1,873,355	\$ 16,736	\$ 909	\$ 448,552	\$ 2,339,552

The information included in this schedule of funding progress was obtained from the actuarial valuation report dated October 27, 2016 prepared by Xerox - buckconsultants.

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
- School Restricted Funds

(CONTINUED)

TOWN OF SMITHFIELD

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

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

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

(CONTINUED)

TOWN OF SMITHFIELD

NONMAJOR GOVERNMENTAL FUNDS (Continued)

PERMANENT FUNDS

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

- Cemetery Fund

(CONCLUDED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

SPECIAL REVENUE FUNDS								
	Animal Control Fund	Animal Control Spay & Neuter	Byrne Grant	Police Restricted Revenue	CDBG	Document Preservation & Tech Upgrades	EMA Radio	
ASSETS:								
Cash and cash equivalents	\$ 43,130	\$ -	\$ -	\$ -	\$ -	\$ 34,685	\$ 9,798	
Cash on deposit with funding agency	-	-	-	-	-	-	-	
Accounts and other receivable	-	-	-	-	-	-	-	
Due from federal & state governments	-	-	2,787	-	99,535	-	50,600	
Due from other funds	-	11,538	-	233,485	-	9,858	-	
TOTAL ASSETS	\$ 43,130	\$ 11,538	\$ 2,787	\$ 233,485	\$ 99,535	\$ 44,543	\$ 60,398	
LIABILITIES:								
Accounts payable	\$ -	125	-	\$ 2,780	\$ -	\$ -	\$ -	
Retainage payable	-	-	-	-	-	-	-	
Accrued liabilities	-	-	-	-	-	-	-	
Due to other funds	12,970	-	2,787	-	99,535	-	43,736	
TOTAL LIABILITIES	12,970	125	2,787	2,780	99,535	-	43,736	
DEFERRED INFLOW OF RESOURCES:								
Unavailable fee revenue	-	-	-	-	-	-	-	
FUND BALANCE:								
Restricted	-	7,500	-	-	-	44,543	16,662	
Committed	30,160	3,913	-	230,705	-	-	-	
Unassigned	-	-	-	-	-	-	-	
TOTAL FUND BALANCE	30,160	11,413	-	230,705	-	44,543	16,662	
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 43,130	\$ 11,538	\$ 2,787	\$ 233,485	\$ 99,535	\$ 44,543	\$ 60,398	

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

	SPECIAL REVENUE FUNDS						
	Planning Challenge Block Grant	Fire Prevention	Historical Records	Municipal Contingency Escrow	Operation Blue Riptide	Police Confiscated Funds	Retirement Escrow
ASSETS:							
Cash and cash equivalents	\$ -	\$ 10,066	\$ 42,991	\$ 31,412	\$ -	\$ 17,315	\$ 703,907
Cash on deposit with funding agency	-	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-	-
Due from federal & state governments	16,160	-	-	-	605	-	-
Due from other funds	-	-	-	1,515,482	-	13,515	50,000
TOTAL ASSETS	\$ 16,160	\$ 10,066	\$ 42,991	\$ 1,546,894	\$ 605	\$ 30,830	\$ 753,907
LIABILITIES:							
Accounts payable	\$ 1,638	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	6,711	-
Due to other funds	17,903	8,083	4,794	-	605	-	-
TOTAL LIABILITIES	19,541	8,122	4,794	-	605	6,711	-
DEFERRED INFLOW OF RESOURCES:							
Unavailable fee revenue	-	-	-	-	-	-	-
FUND BALANCE:							
Restricted	-	1,944	38,197	-	-	24,119	-
Committed	-	-	-	1,546,894	-	-	753,907
Unassigned	(3,381)	-	-	-	-	-	-
TOTAL FUND BALANCE	(3,381)	1,944	38,197	1,546,894	-	24,119	753,907
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 16,160	\$ 10,066	\$ 42,991	\$ 1,546,894	\$ 605	\$ 30,830	\$ 753,907

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016*

	SPECIAL REVENUE FUNDS							
	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
ASSETS:								
Cash and cash equivalents	\$ 274,592	\$ -	\$ -	\$ 4,492	\$ -	\$ -	\$ -	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-	-	-
Due from federal & state governments	-	1,009	-	-	-	750	5,478	-
Due from other funds	25,752	-	-	-	84,673	-	-	-
TOTAL ASSETS	\$ 300,344	\$ 1,009	\$ -	\$ 4,492	\$ 84,673	\$ 750	\$ 5,478	\$ -
LIABILITIES:								
Accounts payable	11,200	\$ -	\$ -	\$ -	\$ 550	-	\$ 5,478	\$ -
Retainage payable	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	7,573	-	-	-
Due to other funds	-	1,009	-	-	-	750	-	-
TOTAL LIABILITIES	11,200	1,009	-	-	8,123	750	5,478	-
DEFERRED INFLOW OF RESOURCES:								
Unavailable fee revenue	-	-	-	-	-	-	-	-
FUND BALANCE:								
Restricted	-	-	-	4,492	76,550	-	-	-
Committed	289,144	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	289,144	-	-	4,492	76,550	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 300,344	\$ 1,009	\$ -	\$ 4,492	\$ 84,673	\$ 750	\$ 5,478	\$ -

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	SPECIAL REVENUE FUNDS				
	Police Memorial Fund	General Public Assistance	Dog Park	School Restricted Funds	Total Special Revenue Funds
ASSETS:					
Cash and cash equivalents	\$ 799	\$ -	5,617	\$ -	\$ 1,178,804
Cash on deposit with funding agency	-	-	-	-	-
Accounts and other receivable	-	-	-	7,233	7,233
Due from federal & state governments	-	-	-	390,089	567,013
Due from other funds	-	57,024	-	110,696	2,112,023
TOTAL ASSETS	\$ 799	\$ 57,024	\$ 5,617	\$ 508,018	\$ 3,865,073
LIABILITIES:					
Accounts payable	\$ -	50	\$ -	\$ -	\$ 21,860
Retainage payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	14,284
Due to other funds	-	-	-	396,809	588,981
TOTAL LIABILITIES	-	50	-	396,809	625,125
DEFERRED INFLOW OF RESOURCES:					
Unavailable fee revenue	-	-	-	-	-
FUND BALANCE:					
Restricted	799	-	5,617	111,209	331,632
Committed	-	56,974	-	-	2,911,697
Unassigned	-	-	-	-	(3,381)
TOTAL FUND BALANCE	799	56,974	5,617	111,209	3,239,948
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 799	\$ 57,024	\$ 5,617	\$ 508,018	\$ 3,865,073

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016*

	CAPITAL PROJECT FUNDS					
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Additions	Open Space & Rec. Area
ASSETS:						
Cash and cash equivalents	\$ 109,205	\$ 882	\$ 51,149	\$ -	\$ -	\$ 4,540
Cash on deposit with funding agency	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-
Due from federal & state governments	-	-	-	-	-	-
Due from other funds	4,306	-	718,399	66,285	5,124	-
TOTAL ASSETS	\$ 113,511	\$ 882	\$ 769,548	\$ 66,285	\$ 5,124	\$ 4,540
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
DEFERRED INFLOW OF RESOURCES:						
Unavailable fee revenue	-	-	-	-	-	-
FUND BALANCE:						
Restricted	-	-	-	-	-	-
Committed	113,511	882	769,548	66,285	5,124	4,540
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	113,511	882	769,548	66,285	5,124	4,540
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 113,511	\$ 882	\$ 769,548	\$ 66,285	\$ 5,124	\$ 4,540

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	CAPITAL PROJECT FUNDS					
	Police Equipment	Water District Improvement Fee	Handicap Accessibility	Salt Barn Property	Special Projects Fund	Capital Reserve Fund
ASSETS:						
Cash and cash equivalents	\$ 110,216	\$ 18,745	\$ 10,794	\$ -	\$ 164,146	\$ -
Cash on deposit with funding agency	-	-	-	-	-	-
Accounts and other receivable	-	-	-	-	-	-
Due from federal & state governments	6,059	-	-	-	21,312	-
Due from other funds	-	-	-	-	62,290	1,317,290
TOTAL ASSETS	\$ 116,275	\$ 18,745	\$ 10,794	\$ -	\$ 247,748	\$ 1,317,290
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 174,548	\$ -
Retainage payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	54,815	-	-	1,010,496	-	-
TOTAL LIABILITIES	54,815	-	-	1,010,496	174,548	-
DEFERRED INFLOW OF RESOURCES:						
Unavailable fee revenue	-	-	-	-	-	-
FUND BALANCE:						
Restricted	-	-	-	-	-	-
Committed	61,460	18,745	10,794	-	73,200	1,317,290
Unassigned	-	-	-	(1,010,496)	-	-
TOTAL FUND BALANCE	61,460	18,745	10,794	(1,010,496)	73,200	1,317,290
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 116,275	\$ 18,745	\$ 10,794	\$ -	\$ 247,748	\$ 1,317,290

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>CAPITAL PROJECT FUNDS</u>					<u>PERMANENT FUND</u>	Total Nonmajor Governmental Funds
	Land Trust	Bryant Capital Contributions	School Improvement Bond	Smithfield Fire Rescue	Total Capital Project Funds	Cemetery Fund	
ASSETS:							
Cash and cash equivalents	\$ 236,558	\$ -	\$ -	\$ 1,258,046	\$ 1,964,281	\$ 63,670	\$ 3,206,755
Cash on deposit with funding agency	-	-	1,845,260	-	1,845,260	-	1,845,260
Accounts and other receivable	-	12,548	-	135,220	147,768	-	155,001
Due from federal & state governments	272,500	-	-	-	299,871	-	866,884
Due from other funds	-	218,299	-	-	2,391,993	-	4,504,016
TOTAL ASSETS	\$ 509,058	\$ 230,847	\$ 1,845,260	\$ 1,393,266	\$ 6,649,173	\$ 63,670	\$ 10,577,916
LIABILITIES:							
Accounts payable	\$ 153	\$ -	\$ -	\$ 13,169	\$ 187,870	\$ -	\$ 209,730
Retainage payable	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	14,284
Due to other funds	6,864	-	25,622	-	1,097,797	-	1,686,778
TOTAL LIABILITIES	7,017	-	25,622	13,169	1,285,667	-	1,910,792
DEFERRED INFLOW OF RESOURCES:							
Unavailable fee revenue	-	-	-	135,220	135,220	-	135,220
FUND BALANCE:							
Restricted	-	-	1,819,638	-	1,819,638	63,670	2,214,940
Committed	502,041	230,847	-	1,244,877	4,419,144	-	7,330,841
Unassigned	-	-	-	-	(1,010,496)	-	(1,013,877)
TOTAL FUND BALANCE	502,041	230,847	1,819,638	1,244,877	5,228,286	63,670	8,531,904
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 509,058	\$ 230,847	\$ 1,845,260	\$ 1,393,266	\$ 6,649,173	\$ 63,670	\$ 10,577,916

(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, 2016**

	SPECIAL REVENUE FUNDS						
	<u>Animal Control Fund</u>	<u>Animal Control Spay & Neuter</u>	<u>Byrne Grant</u>	<u>Police Restricted Revenue</u>	<u>CDBG</u>	<u>Document Preservation & Tech Upgrades</u>	<u>EMA Radio</u>
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ 5,549	\$ -	\$ 155,970	\$ -	\$ 51,592
Fees, Fines, Charges and Assessments	749	372	-	105,551	-	18,529	-
Interest and investment income	-	-	-	-	-	-	-
Contributions and grants	5,668	7,500	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	6,417	7,872	5,549	105,551	155,970	18,529	51,592
EXPENDITURES:							
Current:							
Recreation and Community Development	-	-	-	-	157,588	-	-
Education	-	-	-	-	-	-	-
Public Safety	-	-	5,549	72,784	-	-	44,756
Other expenses	3,816	130	-	-	-	33,568	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	3,816	130	5,549	72,784	157,588	33,568	44,756
Excess (deficiency) of revenues over (under) expenditures	2,601	7,742	-	32,767	(1,618)	(15,039)	6,836
OTHER FINANCING SOURCES (USES)							
Proceeds from bond issuance							
Transfers in	-	-	-	-	1,618	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,618	-	-
Net change in fund balances	2,601	7,742	-	32,767	-	(15,039)	6,836
Fund balances, beginning of year	27,559	3,671	-	197,938	-	59,582	9,826
Fund balances, end of year	\$ 30,160	\$ 11,413	\$ -	\$ 230,705	\$ -	\$ 44,543	\$ 16,662

(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, 2016**

	<u>SPECIAL REVENUE FUNDS</u>						
	<u>Planning Challenge Block Grant</u>	<u>Fire Prevention</u>	<u>Historical Records</u>	<u>Municipal Contingency Escrow</u>	<u>Operation Blue Riptide</u>	<u>Police Confiscated Funds</u>	<u>Retirement Escrow</u>
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 65,482	\$ 8,899	\$ 6,914	\$ 50,000
Fees, Fines, Charges and Assessments	-	15,556	4,379			-	-
Interest and investment income	-	-	-	102		-	4,143
Contributions and grants	-	-	-			-	-
Other	-	-	-	70,688		-	-
Total revenues	-	15,556	4,379	136,272	8,899	6,914	54,143
EXPENDITURES:							
Current:							
Recreation and Community Development	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Public Safety	-	26,862	-	-	8,899	-	-
Other expenses	-	-	7,787	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	-	26,862	7,787	-	8,899	-	-
Excess (deficiency) of revenues over (under) expenditures	-	(11,306)	(3,408)	136,272	-	6,914	54,143
OTHER FINANCING SOURCES (USES)							
Proceeds from bond issuance							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	(11,306)	(3,408)	136,272	-	6,914	54,143
Fund balances, beginning of year	(3,381)	13,250	41,605	1,410,622	-	17,205	699,764
Fund balances, end of year	\$ (3,381)	\$ 1,944	\$ 38,197	\$ 1,546,894	\$ -	\$ 24,119	\$ 753,907

(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, 2016**

	SPECIAL REVENUE FUNDS							
	Revaluation <u>Escrow</u>	RI DOT Children Passenger <u>Safety</u>	RI DOT Click it or Ticket	Scholarship <u>Fund</u>	Senior Center <u>Grant</u>	Bulletproof <u>Vest</u>	Substance Abuse <u>Grant</u>	RI DOH Tobacco <u>Grant</u>
REVENUES:								
Intergovernmental	\$ 90,302	\$ 8,183	\$ 404	\$ -	\$ -	\$ 4,436	\$ 21,020	\$ 242
Fees, Fines, Charges and Assessments	-	-	-	-	17,700	-	-	-
Interest and investment income	28	-	-	-	-	-	-	-
Contributions and grants	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	90,330	8,183	404	-	17,700	4,436	21,020	242
EXPENDITURES:								
Current:								
Recreation and Community Development	-	-	-	-	10,614	-	21,020	-
Education	-	-	-	-	-	-	-	-
Public Safety	-	8,183	404	-	-	-	-	-
Other expenses	109,154	-	-	-	-	4,436	-	242
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	109,154	8,183	404	-	10,614	4,436	21,020	242
Excess (deficiency) of revenues over (under) expenditures	(18,824)	-	-	-	7,086	-	-	-
OTHER FINANCING SOURCES (USES)								
Proceeds from bond issuance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(18,824)	-	-	-	7,086	-	-	-
Fund balances, beginning of year	307,968	-	-	4,492	69,464	-	-	-
Fund balances, end of year	\$ 289,144	\$ -	\$ -	\$ 4,492	\$ 76,550	\$ -	\$ -	\$ -

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

*Statement of Revenues, Expenditures, and Changes in Fund
Nonmajor Governmental Funds
For the Year Ended June 30, 2016*

SPECIAL REVENUE FUNDS					
	Police Memorial <u>Fund</u>	General Public <u>Assistance</u>	<u>Dog Park</u>	School Restricted <u>Funds</u>	Total Special <u>Revenue Funds</u>
REVENUES:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,007,609	\$ 1,476,602
Fees, Fines, Charges and Assessments	-	-	-	-	162,836
Interest and investment income	-	-	-	-	4,273
Contributions and grants	41	9,267	5,656	88,068	116,200
Other	-	-	-	-	70,688
Total revenues	<u>41</u>	<u>9,267</u>	<u>5,656</u>	<u>1,095,677</u>	<u>1,830,599</u>
EXPENDITURES:					
Current:					
Recreation and Community Development	-	8,436	-	-	197,658
Education	-	-	-	1,016,682	1,016,682
Public Safety	-	-	-	-	167,437
Other expenses	-	-	39	-	159,172
Capital outlays	-	-	-	61,986	61,986
Total expenditures	<u>-</u>	<u>8,436</u>	<u>39</u>	<u>1,078,668</u>	<u>1,602,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41</u>	<u>831</u>	<u>5,617</u>	<u>17,009</u>	<u>227,664</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	-	-	-	-	1,618
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,618</u>
Net change in fund balances	41	831	5,617	17,009	229,282
Fund balances, beginning of year	758	56,143	-	94,200	3,010,666
Fund balances, end of year	<u>\$ 799</u>	<u>\$ 56,974</u>	<u>\$ 5,617</u>	<u>\$ 111,209</u>	<u>\$ 3,239,948</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, 2016**

	CAPITAL PROJECT FUNDS					
	Green Acres Acquisition Fund	Smithfield Historic Landmark	Impact Fees	Land Acq. Open Space Bond	Middle School Addition	Open Space & Rec. Area
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, Fines, Charges and Assessments	-	-	123,873	-	-	-
Interest and investment income	11	-	77	-	-	-
Contributions and grants	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	11	-	123,950	-	-	-
EXPENDITURES:						
Current:						
Recreation and Community Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Capital outlays	-	-	-	252,040	-	-
Total expenditures	-	-	-	252,040	-	-
Excess (deficiency) of revenues over (under) expenditures	11	-	123,950	(252,040)	-	-
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	-	-
Transfers in	3,706	-	-	-	-	-
Transfers out	-	-	(300,000)	-	-	-
Total other financing sources (uses)	3,706	-	(300,000)	-	-	-
Net change in fund balances	3,717	-	(176,050)	(252,040)	-	-
Fund balances, beginning of year	109,794	882	945,598	318,325	5,124	4,540
Fund balances, end of year	\$ 113,511	\$ 882	\$ 769,548	\$ 66,285	\$ 5,124	\$ 4,540

(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, 2016**

	CAPITAL PROJECT FUNDS					
	<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>
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 290,131	\$ -
Fees, Fines, Charges and Assessments	82,781	-	-	-	99,643	-
Interest and investment income	14	2	1	-	657	-
Contributions and grants	-	-	-	-	455	-
Other	-	-	-	-	1,735	-
Total revenues	<u>82,795</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>392,621</u>	<u>-</u>
EXPENDITURES:						
Current:						
Recreation and Community Development	-	-	-	-	-	-
Education	-	-	-	-	-	-
Public Safety	-	-	-	-	150,950	-
Other expenses	-	-	-	-	-	-
Capital outlays	-	-	-	-	297,810	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,760</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>82,795</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>(56,139)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	-	241,265
Transfers out	(102,771)	-	-	-	-	-
Total other financing sources (uses)	<u>(102,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,265</u>
Net change in fund balances	(19,976)	2	1	-	(56,139)	241,265
Fund balances, beginning of year	81,436	18,743	10,793	(1,010,496)	129,339	1,076,025
Fund balances, end of year	<u>\$ 61,460</u>	<u>\$ 18,745</u>	<u>\$ 10,794</u>	<u>\$ (1,010,496)</u>	<u>\$ 73,200</u>	<u>\$ 1,317,290</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, 2016

	CAPITAL PROJECT FUNDS				Total Capital Project Funds	PERMANENT FUND	Total Nonmajor Governmental Funds
	Land Trust	Bryant Capital Contributions	School Improvement Bond	Smithfield Fire Rescue		Cemetery Fund	
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 290,131	\$ -	\$ 1,766,733
Fees, Fines, Charges and Assessments	487	56,487	-	1,282,799	1,646,070	-	1,808,906
Interest and investment income	-	-	-	7,479	8,241	6	12,520
Contributions and grants	-	-	-	-	455	-	116,655
Other	-	-	-	-	1,735	-	72,423
Total revenues	487	56,487	-	1,290,278	1,946,632	6	3,777,237
EXPENDITURES:							
Current:							
Recreation and Community Development	24,745	-	-	-	24,745	-	222,403
Education	-	-	-	-	-	-	1,016,682
Public Safety	-	-	-	105,529	256,479	-	423,916
Other expenses	-	-	-	-	-	-	159,172
Capital outlays	-	59,713	4,190,171	432,471	5,232,205	-	5,294,191
Total expenditures	24,745	59,713	4,190,171	538,000	5,513,429	-	7,116,364
Excess (deficiency) of revenues over (under) expenditures	(24,258)	(3,226)	(4,190,171)	752,278	(3,566,797)	6	(3,339,127)
OTHER FINANCING SOURCES (USES)							
Proceeds from bond issuance	-	-	6,292,564	-	6,292,564	-	6,292,564
Transfers in	8,133	-	-	-	253,104	-	254,722
Transfers out	-	-	-	(1,000,000)	(1,402,771)	-	(1,402,771)
Total other financing sources (uses)	8,133	-	6,292,564	(1,000,000)	5,142,897	-	5,144,515
Net change in fund balances	(16,125)	(3,226)	2,102,393	(247,722)	1,576,100	6	1,805,388
Fund balances, beginning of year	518,166	234,073	(282,755)	1,492,599	3,652,186	63,664	6,726,516
Fund balances, end of year	\$ 502,041	\$ 230,847	\$ 1,819,638	\$ 1,244,877	\$ 5,228,286	\$ 63,670	\$ 8,531,904

(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 ISLANDStatement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Student Activity Funds</u>				
ASSETS:				
Cash	\$ 187,714	\$ 623,702	\$ 599,956	\$ 211,460
TOTAL ASSETS	<u>\$ 187,714</u>	<u>\$ 623,702</u>	<u>\$ 599,956</u>	<u>\$ 211,460</u>
LIABILITIES:				
Deposits held in custody for others	\$ 187,714	\$ 623,702	\$ 599,956	\$ 211,460
TOTAL LIABILITIES	<u>\$ 187,714</u>	<u>\$ 623,702</u>	<u>\$ 599,956</u>	<u>\$ 211,460</u>
<u>Fees In Lieu Of</u>				
ASSETS:				
Other receivables	\$ 62,000	\$ -	\$ -	\$ 62,000
TOTAL ASSETS	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,000</u>
LIABILITIES:				
Deposits held in custody for others	\$ 62,000	\$ -	\$ -	\$ 62,000
TOTAL LIABILITIES	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,000</u>
<u>Street Lighting</u>				
ASSETS:				
Cash	\$ 20,599	\$ 2	\$ -	\$ 20,601
TOTAL ASSETS	<u>\$ 20,599</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,601</u>
LIABILITIES:				
Deposits held in custody for others	\$ 20,599	\$ 2	\$ -	\$ 20,601
TOTAL LIABILITIES	<u>\$ 20,599</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 20,601</u>
<u>Soil Erosion</u>				
ASSETS:				
Cash	\$ 94,318	\$ 19,765	\$ 102,930	\$ 11,153
Other receivables	115,920	102,930	10,750	208,100
TOTAL ASSETS	<u>\$ 210,238</u>	<u>\$ 122,695</u>	<u>\$ 113,680</u>	<u>\$ 219,253</u>
LIABILITIES:				
Deposits held in custody for others	210,238	\$ 122,695	\$ 113,680	\$ 219,253
TOTAL LIABILITIES	<u>\$ 210,238</u>	<u>\$ 122,695</u>	<u>\$ 113,680</u>	<u>\$ 219,253</u>
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash	\$ 302,631	\$ 643,469	\$ 702,886	\$ 243,214
Other receivables	177,920	102,930	10,750	270,100
TOTAL ASSETS	<u>\$ 480,551</u>	<u>\$ 746,399</u>	<u>\$ 713,636</u>	<u>\$ 513,314</u>
LIABILITIES:				
Deposits held in custody for others	\$ 480,551	\$ 746,399	\$ 713,636	\$ 513,314
TOTAL LIABILITIES	<u>\$ 480,551</u>	<u>\$ 746,399</u>	<u>\$ 713,636</u>	<u>\$ 513,314</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, 2016

	General Fund	Inspection Fee Fund	Total General Fund
ASSETS:			
Cash and cash equivalents	\$ 14,529,398	\$ 82,740	\$ 14,612,138
Investments	2,179,740	-	2,179,740
Taxes, net	3,379,660	-	3,379,660
Other receivables	263,346	-	263,346
Due from other funds	4,055,405	5,824	4,061,229
TOTAL ASSETS	\$ 24,407,549	\$ 88,564	\$ 24,496,113
LIABILITIES:			
Accounts payable	\$ 737,456	\$ -	\$ 737,456
Accrued liabilities	980,345	46,225	1,026,570
Due to other funds	5,559,059	-	5,559,059
TOTAL LIABILITIES	7,276,860	46,225	7,323,085
DEFERRED INFLOW OF RESOURCES:			
Unavailable tax revenue	1,050,162	-	1,050,162
FUND BALANCE:			
Non-Spendable	1,225,584	-	1,225,584
Restricted	30,438	-	30,438
Committed	7,777,967	-	7,777,967
Assigned	3,180,000	-	3,180,000
Unassigned	3,866,538	42,339	3,908,877
TOTAL FUND BALANCE	16,080,527	42,339	16,122,866
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 24,407,549	\$ 88,564	\$ 24,496,113

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, 2016**

	General Fund	Inspection Fee Fund	Total General Fund
REVENUES:			
General property taxes	\$ 55,243,808	\$ -	\$ 55,243,808
Intergovernmental	2,358,140	-	2,358,140
Licenses, fees, and permits	938,783	20,824	959,607
Interest income, taxes, and investments	454,790	8	454,798
Other miscellaneous	414,210	-	414,210
TOTAL REVENUES	59,409,731	20,832	59,430,563
EXPENDITURES:			
Current:			
General Government	2,524,930	-	2,524,930
Public Safety	10,297,135	-	10,297,135
Public Works	3,654,021	-	3,654,021
Public Health and Assistance	7,938	-	7,938
Recreation, Senior and Neighborhood Center	789,237	-	789,237
Libraries	1,283,079	-	1,283,079
Education	247,869	-	247,869
Miscellaneous	8,959,018	-	8,959,018
Debt Service:			
Principal	1,677,710	-	1,677,710
Interest and other costs	571,767	-	571,767
Capital:			
Capital outlays	1,082,834	-	1,082,834
TOTAL EXPENDITURES	31,095,538	-	31,095,538
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	28,314,193	20,832	28,335,025
OTHER FINANCING SOURCES (USES)			
Transfers in	1,902,771	-	1,902,771
Transfers out	(29,872,807)	-	(29,872,807)
TOTAL OTHER FINANCING SOURCES (USES)	(27,970,036)	-	(27,970,036)
NET CHANGE IN FUND BALANCES	344,157	20,832	364,989
FUND BALANCE AT BEGINNING OF YEAR	15,736,370	21,507	15,757,877
FUND BALANCE AT END OF YEAR	\$ 16,080,527	\$ 42,339	\$ 16,122,866

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, 2016**

<u>Fiscal Year</u>	<u>Real Property Mill Rate</u>	<u>Property Taxes Receivable July 1, 2015</u>	<u>Current Year Assessment</u>	<u>Supplemental Addendums (Net)</u>	<u>Refunds and Adjustments</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections</u>	<u>Property Taxes Receivable June 30, 2016</u>
2016	\$17.57		\$ 55,094,768	\$ 79,707	\$ 71,713	\$ 110,906	\$ 55,135,282	\$ 51,862,555	\$ 3,272,727
2015	\$17.13	\$ 2,234,969	-	-	12,302	1,486	2,245,785	2,024,470	221,315
2014	\$17.52	214,718	-	-	(143)	1,142	213,433	54,401	159,032
2013	\$16.02	195,862	-	-	124	458	195,528	21,501	174,027
2012	\$16.02	139,019	-	-	-	462	138,557	9,170	129,387
2011	\$15.85	128,297	-	-	-	328	127,969	4,835	123,134
2010	\$15.59	182,366	-	-	-	179	182,187	725	181,462
2009	\$13.98	242,771	-	-	-	174	242,597	5,831	236,766
2008	\$13.68	134,381	-	-	-	166	134,215	630	133,585
2007	\$13.23	99,813	-	-	-	-	99,813	996	98,817
2006	\$15.40	98,875	-	-	-	-	98,875	544	98,331
2005	\$14.68	126,606	-	-	-	-	126,606	305	126,301
2004	\$13.95	164,191	-	-	-	-	164,191	499	163,692
Prior	various	113,417	-	-	-	-	113,417	-	113,417
Subtotal		4,075,285	\$ 55,094,768	\$ 79,707	\$ 83,996	\$ 115,301	\$ 59,218,455	\$ 53,986,462	5,231,993
Less: estimated allowance for uncollectable accounts		(1,763,837)							(1,852,333)
Net property taxes receivable		<u>\$ 2,311,448</u>							<u>\$ 3,379,660</u>

(CONTINUED)

TOWN OF SMITHFIELD, RHODE ISLAND

**SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<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, 2014 - (2015 Tax Roll)</u>			
	<u>Valuations</u>	<u>Levy</u>		
Real Property	\$ 2,301,232,190		Current year collections	\$ 53,986,462
Exemptions on Real Property	(18,685,142)		Revenue received 60 days subsequent to fiscal year ending June 30, 2016	<u>2,329,498</u>
Net assessed value - Real Property	<u>2,282,547,048</u>	\$ 39,838,126	Subtotal	<u>56,315,960</u>
Motor Vehicles	207,165,270		Prior year revenue received in current year fiscal year ending June 30, 2015 - 60 day rule	<u>(1,072,152)</u>
Exemptions on Motor Vehicles	(43,310,933)			
Net assessed value - Motor Vehicles	<u>163,854,337</u>	6,390,032		
Tangible property	149,574,240			
Exemptions on Tangible Property	(4,765,922)			
Net assessed value - Tangible Property	<u>144,808,318</u>	8,866,610		
<i>Net assessed value</i>	<u>\$ 2,591,209,703</u>	<u>\$ 55,094,768</u>	<i>Current year property tax revenue</i>	<u>\$ 55,243,808</u>

(CONCLUDED)

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXHIBIT 7

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Property Tax Collection	\$ 53,077,267	\$ -
Prior Year Property Tax Collection	2,166,541	-
Interest & Penalty	329,717	-
PILOT & Tax Treaty (excluded from certified levy)	-	-
Other Local Property Taxes	-	-
Licenses and Permits	959,607	-
Fines and Forfeitures	-	-
Investment Income	132,560	-
Departmental	414,210	-
Rescue Run Revenue	1,282,799	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	-	-
Tuition	-	50,397
Impact Aid	-	-
Medicaid	-	-
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	155,624
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	-	977,498
MV Excise Tax Reimbursement	255,759	-
State PILOT Program	625,901	-
Distressed Community Relief Fund	-	-
Library Resource Aid	-	-
Library Construction Aid	-	-
Public Service Corporation Tax	190,491	-
Meals & Beverage Tax	628,615	-
Hotel Tax	169,924	-
LEA Aid	-	5,309,806
Housing Aid Capital Projects	81,624	-
Housing Aid Bonded Debt	303,830	-
State Food Service Revenue	-	27,615
Incentive Aid	101,997	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	30,111
Other Revenue	-	449,009
Local Appropriation for Education	-	29,618,085
Regional Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	261,141
Total Revenue	\$ 60,720,842	\$ 36,879,285
Transfer from Capital Projects Funds	\$ -	\$ -
Transfer from Other Funds	902,771	-
Debt Proceeds	-	-
Other Financing Sources	-	-
Rounding	-	-
Total Other Financing Sources	\$ 902,771	\$ -

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXPENDITURES	General		Social	Information	Planning	Libraries	Public	Parks and	Police
	Government	Finance	Services	Technology			Works	Rec	Department
Compensation- Group A	\$ 618,074	\$ 549,046	\$ 209,131	\$ -	\$ 291,601	\$ -	\$ 904,167	\$ 320,810	\$ 3,082,518
Compensation - Group B	-	-	-	-	-	-	-	-	797,633
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	4,112	318	3,357	-	3,006	-	53,570	11,650	470,515
Overtime - Group B	-	-	-	-	-	-	-	-	66,592
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	85,364	90,327	57,542	-	74,402	-	288,946	50,732	628,328
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	131,943
Active Dental insurance- Group A	4,578	4,971	3,236	-	4,184	-	15,158	2,682	35,725
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	7,420
Payroll Taxes	49,078	43,334	16,761	-	23,239	-	75,547	35,948	348,435
Life Insurance	2,089	2,089	929	-	1,161	-	4,643	929	12,536
Defined Contribution- Group A	3,644	5,013	1,871	-	2,342	-	10,029	4,085	-
Defined Contribution - Group B	-	-	-	-	-	-	-	-	6,942
Other Benefits- Group A	-	-	-	-	-	-	-	1,770	77,023
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Local Pension- Group A	-	-	-	-	-	-	-	-	2,176,605
Local Pension - Group B	-	-	-	-	-	-	-	-	-
State Pension- Group A	53,247	50,075	18,207	-	32,396	-	112,385	33,644	205,612
State Pension - Group B	-	-	-	-	-	-	-	-	66,074
Other Pension	-	-	-	-	-	-	-	-	-
Purchased Services	647,513	212,378	2,403	-	73,258	-	656,645	28,312	46,267
Materials/Supplies	77,178	2,861	13,816	-	2,256	-	82,349	62,921	62,384
Software Licenses	117,358	-	-	-	-	-	-	-	32,208
Capital Outlays	570,783	-	-	-	-	-	202,128	462,678	169,939
Insurance	428,946	-	-	-	-	-	-	-	-
Maintenance	5,750	-	23,987	-	-	-	2,079	-	23,195
Vehicle Operations	362	-	6,929	-	3,146	-	201,646	27,275	89,722
Utilities	74,609	4,373	47,115	-	1,876	-	246,246	17,718	73,135
Contingency	20	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	348,039	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	115,716	-	-
Trash Removal & Recycling	-	-	-	-	-	-	1,138,972	-	-
Claims & Settlements	24,749	-	-	-	-	-	-	-	-
Community Support	60,998	-	-	-	-	-	-	-	-
Other Operation Expenditures	290,763	-	-	-	-	1,283,079	-	19,979	-
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 3,119,213	\$ 964,785	\$ 405,285	\$ -	\$ 512,865	\$ 1,283,079	\$ 4,458,265	\$ 1,081,135	\$ 8,610,751

Town of Smithfield
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2016

EXPENDITURES	Fire	Public Safety	Education	Debt	OPEB	Total	Education	
	Department	Dispatch	Other			Appropriation	Municipal	Department
Compensation- Group A	\$ 3,833,444	\$ -	\$ -	\$ -	\$ -	\$ 9,808,791	\$ 19,016,633	
Compensation - Group B	224,438	-	102,460	-	-	1,124,532	3,190,201	
Compensation -Volunteer	-	-	-	-	-	-	-	
Overtime- Group A	730,981	-	-	-	-	1,277,509	-	
Overtime - Group B	39,351	-	9,794	-	-	115,738	631	
Police & Fire Detail	-	-	-	-	-	-	-	
Active Medical Insurance - Group A	797,674	-	-	-	-	2,073,314	2,346,276	
Active Medical Insurance- Group B	76,681	-	23,822	-	-	232,447	836,476	
Active Dental insurance- Group A	54,260	-	-	-	-	124,795	198,842	
Active Dental Insurance- Group B	5,220	-	1,341	-	-	13,982	67,699	
Payroll Taxes	380,852	-	8,855	-	-	982,049	549,388	
Life Insurance	72,043	-	464	-	-	96,882	46,988	
Defined Contribution- Group A	-	-	-	-	-	26,984	406,371	
Defined Contribution - Group B	-	-	1,352	-	-	8,293	29,405	
Other Benefits- Group A	90,744	-	-	-	-	169,538	68,332	
Other Benefits- Group B	8,723	-	-	-	-	8,723	122,092	
Local Pension- Group A	516,189	-	-	-	-	2,692,794	-	
Local Pension - Group B	69,724	-	-	-	-	69,724	-	
State Pension- Group A	69,675	-	-	-	-	575,240	2,534,985	
State Pension - Group B	-	-	9,695	-	-	75,769	245,059	
Other Pension	-	-	-	-	-	-	-	
Purchased Services	43,985	-	428	-	-	1,711,189	4,461,631	
Materials/Supplies	182,162	-	4,092	-	-	490,019	827,709	
Software Licenses	-	-	-	-	-	149,566	69,851	
Capital Outlays	663,528	-	-	-	-	2,069,056	554,978	
Insurance	-	-	-	-	-	428,946	123,794	
Maintenance	-	-	-	-	-	55,011	227,311	
Vehicle Operations	215,644	-	2,313	-	-	547,036	50,001	
Utilities	85,586	-	7,325	-	-	557,983	278,374	
Contingency	-	-	-	-	-	20	-	
Street Lighting	-	-	-	-	-	348,039	-	
Revaluation	-	-	-	-	-	-	-	
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	115,716	-	
Trash Removal & Recycling	-	-	-	-	-	1,138,972	-	
Claims & Settlements	-	-	-	-	-	24,749	-	
Community Support	-	-	-	-	-	60,998	1,525	
Other Operation Expenditures	-	-	-	-	-	1,593,821	91,334	
Local Appropriation for Education	-	-	-	29,618,085	-	29,618,085	-	
Regional Appropriation for Education	-	-	-	-	-	-	-	
Other Education Appropriation	-	-	-	-	-	-	-	
Municipal Debt- Principal	-	-	-	-	846,347	846,347	-	
Municipal Debt- Interest	-	-	-	-	290,623	290,623	-	
School Debt- Principal	-	-	-	-	533,653	533,653	-	
School Debt- Interest	-	-	-	-	269,522	269,522	-	
Retiree Medical Insurance- Total	-	-	-	-	793,653	793,653	404,159	
Retiree Dental Insurance- Total	-	-	-	-	31,516	31,516	24,822	
OPEB Contribution- Total	-	-	-	-	100,000	100,000	-	
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	
Rounding	-	-	-	-	-	-	3,899	
Total Expenditures	\$ 8,160,905	\$ -	\$ 171,943	\$ 29,618,085	\$ 1,940,145	\$ 925,169	\$ 61,251,624	\$ 36,778,766

Transfer to Capital Project Funds	\$ 225,000	\$ -
Transfer to Other Funds	29,723	-
Payment to Bond Escrow Agent	-	-
Other Financing Uses	-	-
Total Other Financing Uses	\$ 254,723	\$ -
Net Change in Fund Balance	117,266	100,519
Fund Balance - beginning of year	\$ 17,250,476	\$ 1,349,142
Fund Balance - end of year	\$ 17,367,743	\$ 1,449,661

Town of Smithfield
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2016

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	Fund Balance/ (Deficit) - Beginning	Fund Balance/ (Deficit) - Ending
General Fund	\$ 59,430,564	\$ 1,902,771	\$ 31,095,539	\$ 29,872,808	\$ 364,989	\$ 15,757,877	\$ 16,122,866
Fire Rescue Billing Fund	1,290,278	-	538,000	1,000,000	(247,722)	1,492,599	1,244,877
Totals per audited financial statements	\$ 60,720,842	\$ 1,902,771	\$ 31,633,539	\$ 30,872,808	\$ 117,266	\$ 17,250,476	\$ 17,367,743
 <u>Reconciliation from financial statements to MTP2</u>							
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	29,618,085	(29,618,085)	\$ -	\$ -	\$ -
Eliminate transfers between Funds reported on MTP2: - from Fire Rescue Billing to General Fund		(1,000,000)		(1,000,000)			
Rounding	-	-	-	-	-	-	-
Totals Per MTP2	\$ 60,720,842	\$ 902,771	\$ 61,251,624	\$ 254,723	\$ 117,266	\$ 17,250,476	\$ 17,367,743

Town of Smithfield
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2016

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	Fund Balance/ (Deficit) - Beginning	Fund Balance/ (Deficit) - Ending
School Unrestricted Fund	\$ 7,345,126	\$ 29,618,085	\$ 36,901,749	-	\$ 61,462	\$ 1,121,254	\$ 1,182,716
Enterprise Fund	527,896	-	514,881	-	13,015	133,688	146,703
School Special Revenue Funds	1,095,677	-	1,078,668	-	17,009	94,200	111,209
Totals per audited financial statements	\$ 8,968,699	\$ 29,618,085	\$ 38,495,298	\$ -	\$ 91,486	\$ 1,349,142	\$ 1,440,628

Reconciliation from financial statements to MTP2

Municipal appropriation for Education reported as a transfer on financial statements but an expenditure on MTP2	\$ 29,618,085	\$ (29,618,085)	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	\$ (1,707,500)	\$ -	\$ (1,707,500.00)	\$ -	\$ -	\$ -	\$ -
Depreciation Expenses recognized on Financial Statements, but not MTP2 and UCOA	-	-	(9,032)	-	9,032	-	9,032
Rounding	1	-	-	-	1	-	1
Totals Per MTP2	\$ 36,879,285	\$ -	\$ 36,778,766	\$ -	\$ 100,519	\$ 1,349,142	\$ 1,449,661

TOWN OF SMITHFIELD, RHODE ISLAND**NOTES TO SUPPLEMENTARY INFORMATION
ANNUAL SUPPLEMENTAL TRANSPARENCY REPORT (MTP2)
FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a new supplemental schedule required by the State of Rhode Island, as a result of newly enacted legislation, Article 8 of the Appropriations Act (2016 House Bill 7454 sub A as amended). This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) on the Division of Municipal Finance 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 reasonable allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups

Group A - This item includes compensation (salaries, longevity, stipends, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for the primary work force of the department (Police Department: Police Officers, Fire Department: Fire Fighters, Education Department: Certified Employees, and Other Departments: All Employees).

Group B - This item would only include compensation (salaries, longevity, stipend, clothing, shift differential, out-of-rank, holiday pay, and bonuses) and benefits (medical and dental insurance, pension contributions, OPEB (pay-go and ADC contributions) for administrative and civilian dispatch employees in Police and Fire Departments and Non-Certified employees for Education Department.

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/>. (Documents pertaining to the Transparency Portal will be posted in January 2017).

TOWN OF SMITHFIELD

STATISTICAL SECTION

This part of the Town's comprehensive annual financial report presents information to supplement and provide multi-year trend information to enable readers to gain a better understanding of the Town's financial health.

Financial Trends: Schedules 1 through 4 contain trend information to help the reader understand changes in financial performance over a period of time.

Revenue Capacity: Schedules 5 through 8 contain information to help the reader assess the factors affecting the Town's ability to generate property tax revenue.

Debt Capacity: Schedules 9 through 12, and 18 contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic Information: Schedules 13 and 14 contain demographic information to help the reader understand the environment in which the Town's financial activities take place.

Operating Information: Schedules 15 through 17 contain information about the Town's operations and resources over a period of time.

Other Information: Schedules 19 and 20 contain additional information about the Town that Town Officials believe is useful to the reader of the comprehensive financial report.

TOWN OF SMITHFIELD, RHODE ISLAND

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Investment in capital assets	\$ 15,714,930	\$ 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
Restricted	6,159,108	6,907,769	-	-	-	-	-	-	-	-
Unrestricted	7,690,795	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)
Total governmental activities net position	<u>29,564,833</u>	<u>31,324,377</u>	<u>34,982,522</u>	<u>36,360,381</u>	<u>37,684,332</u>	<u>34,554,948</u>	<u>33,959,035</u>	<u>33,362,785</u>	<u>(18,115,695)</u>	<u>(19,685,931)</u>
Business-type activities										
Net investment in capital assets	18,745,736	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
Unrestricted	6,352,272	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
Total business-type activities net position	<u>25,098,008</u>	<u>24,616,283</u>	<u>27,098,702</u>	<u>26,484,630</u>	<u>25,364,480</u>	<u>22,079,739</u>	<u>21,049,007</u>	<u>20,730,024</u>	<u>20,508,119</u>	<u>20,540,481</u>
Primary government										
Net investment in capital assets	34,460,666	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
Restricted	6,159,108	6,907,769	-	-	-	-	-	-	-	-
Unrestricted	14,043,067	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)
Total primary government net position	<u>\$ 54,662,841</u>	<u>\$ 55,940,660</u>	<u>\$ 62,081,224</u>	<u>\$ 62,845,011</u>	<u>\$ 63,048,812</u>	<u>\$ 56,634,687</u>	<u>\$ 55,008,042</u>	<u>\$ 54,092,809</u>	<u>\$ 2,392,424</u>	<u>\$ 854,550</u>

Note: Fiscal years 2007 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

TOWN OF SMITHFIELD, RHODE ISLAND
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
GOVERNMENTAL ACTIVITIES
 (accrual basis of accounting)

	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 9,230,373	\$ 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
Public safety	8,734,533	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
Public works	3,776,856	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
Public Health and Assistance	38,849	39,070	510,567	590,711	7,434	7,450	8,350	8,197	5,992	7,938
Public libraries	-	-	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079
Education	31,981,580	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
Recreation and Senior Activities	499,394	510,959	149,687	118,263	558,232	945,504	901,172	1,065,331	2,204,210	1,510,668
Interest on long-term debt	607,413	655,052	687,665	580,558	482,819	705,512	597,249	552,480	534,407	587,477
Total governmental activities	54,868,998	58,315,568	59,858,369	61,977,546	59,392,318	67,924,186	65,661,015	66,984,444	65,808,060	73,093,450
Business-type activities:										
Sewer Authority	2,376,756	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
Water Supply Board	940,214	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
Smithfield Ice Rink	-	-	-	-	617,141	613,405	608,256	664,391	650,176	709,963
School Lunch Program	-	-	-	-	643,678	687,068	595,761	554,776	549,031	514,881
Component Units (CU's)	-	-	-	-	1,626,870	-	-	-	-	-
Smithfield Ice Rink, School Lunch & CU's	2,879,294	2,919,757	2,978,442	2,855,100	-	-	-	-	-	-
Total business-type activities	6,196,264	6,250,486	6,469,708	6,216,109	6,637,155	4,996,895	5,174,418	5,854,737	5,603,049	5,341,507
Total primary government expense	\$ 61,065,262	\$ 64,566,054	\$ 66,328,077	\$ 68,193,655	\$ 66,029,473	\$ 72,921,081	\$ 70,835,433	\$ 72,839,181	\$ 71,411,109	\$ 78,434,957
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,792,535	\$ 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
Public safety	866,113	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
Public works	-	-	-	-	258,141	-	-	-	-	-
Public Health and Assistance	-	-	-	-	15,940	-	-	-	-	-
Education	327,020	-	-	-	-	360,844	356,258	253,750	238,152	311,538
Recreation and Senior Activities	-	-	-	-	19,375	330	3,630	355	3,147	487
Operating grants and contributions	9,505,923	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
Capital grants and contributions	727,546	-	164,612	1,260,360	846,585	883,067	394,814	119,323	213,473	56,487
Total governmental activities program revenues	13,219,137	13,217,845	11,896,267	12,989,797	10,363,105	11,645,100	11,078,631	11,374,559	11,394,158	13,388,056
Business-type activities:										
Charges for services:										
Sewer Authority	2,444,586	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
Water Supply Board	1,024,187	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
Smithfield Ice Rink	-	-	-	-	658,208	665,086	633,350	615,219	683,279	753,759
School Lunch Program	-	-	-	-	472,713	458,299	413,498	376,020	355,156	344,582
Smithfield Ice Rink, School Lunch & CU's	1,833,318	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
Total business-type activities	5,302,091	5,524,589	8,977,051	5,615,333	5,731,014	5,514,569	5,748,169	5,992,311	5,861,628	5,842,581
Total primary government program revenues	\$ 18,521,228	\$ 18,742,434	\$ 20,873,318	\$ 18,605,130	\$ 16,094,119	\$ 17,159,669	\$ 16,826,800	\$ 17,366,870	\$ 17,255,786	\$ 19,230,637

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (41,649,861)	\$ (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)
Business-type activities	(894,173)	(725,897)	2,507,343	(600,776)	(906,141)	517,674	573,751	137,574	258,579	501,074
Total primary government net expense	<u>\$ (42,544,034)</u>	<u>\$ (45,823,620)</u>	<u>\$ (45,454,759)</u>	<u>\$ (49,588,525)</u>	<u>\$ (49,935,354)</u>	<u>\$ (55,761,412)</u>	<u>\$ (54,008,633)</u>	<u>\$ (55,472,311)</u>	<u>\$ (54,155,323)</u>	<u>\$ (59,204,320)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 43,501,514	\$ 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
State Revenue Sharing and other general grants	1,881,701	1,607,243	742,742	-	-	-	-	-	-	-
Motor vehicle phase-out taxes	-	-	-	-	275,060	274,622	271,301	279,144	253,182	255,759
Public Utilities (Telephone) tax	-	-	-	-	223,182	241,202	257,910	268,724	291,036	265,491
Hotel, meals, and beverage tax	-	-	-	-	632,104	669,119	702,426	781,882	815,070	864,020
Unrestricted investment earnings	550,834	547,245	678,890	503,420	423,200	377,649	404,920	459,545	429,541	467,318
Other miscellaneous	-	32,354	30,383	188,973	-	-	-	-	-	-
Transfers	(176,899)	30,065	203,145	163,804	264,787	1,473,000	1,476,375	500,000	500,000	500,000
Total governmental activities	<u>45,757,150</u>	<u>47,666,185</u>	<u>50,774,438</u>	<u>50,365,608</u>	<u>50,353,164</u>	<u>53,149,701</u>	<u>54,057,874</u>	<u>55,013,635</u>	<u>56,814,129</u>	<u>58,135,160</u>
Business-type activities:										
Unrestricted investment earnings	319,140	274,237	178,221	150,508	50,778	15,705	14,442	43,443	19,516	31,288
Transfers	176,899	(30,065)	(203,145)	(163,804)	(264,787)	(1,473,000)	(1,476,375)	(500,000)	(500,000)	(500,000)
Total business type activities	<u>496,039</u>	<u>244,172</u>	<u>(24,924)</u>	<u>(13,296)</u>	<u>(214,009)</u>	<u>(1,457,295)</u>	<u>(1,461,933)</u>	<u>(456,557)</u>	<u>(480,484)</u>	<u>(468,712)</u>
Total primary government	<u>\$ 46,253,189</u>	<u>\$ 47,910,357</u>	<u>\$ 50,749,514</u>	<u>\$ 50,352,312</u>	<u>\$ 50,139,155</u>	<u>\$ 51,692,406</u>	<u>\$ 52,595,941</u>	<u>\$ 54,557,078</u>	<u>\$ 56,333,645</u>	<u>\$ 57,666,448</u>
Change in Net Position										
Governmental activities	\$ 4,107,289	\$ 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)
Business-type activities	(398,134)	(481,725)	2,482,419	(614,072)	(1,120,150)	(939,621)	(888,182)	(318,983)	(221,905)	32,362
Total primary government	<u>\$ 3,709,155</u>	<u>\$ 2,086,737</u>	<u>\$ 5,294,755</u>	<u>\$ 763,787</u>	<u>\$ 203,801</u>	<u>\$ (4,069,006)</u>	<u>\$ (1,412,692)</u>	<u>\$ (915,233)</u>	<u>\$ 2,178,322</u>	<u>\$ (1,537,872)</u>

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
					**	**	**	**	**	**
General Fund										
Reserved	\$ 5,245,410	\$ 5,945,301	\$ 6,710,951	\$ 8,136,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,090,793	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
Restricted					225,980	187,006	94,933	15,860	24,398	30,438
Committed					850,000	9,173,380	8,189,071	8,033,629	7,942,884	7,777,967
Assigned					10,962,980	3,655,987	3,850,000	3,165,000	3,180,000	3,180,000
Unassigned					3,097,124	3,102,422	3,159,111	3,239,287	3,372,908	3,908,877
Total general fund	\$ 12,336,203	\$ 13,910,015	\$ 14,269,781	\$ 14,993,144	\$ 15,285,293	\$ 16,379,375	\$ 15,543,032	\$ 15,685,467	\$ 15,757,879	\$ 16,122,866
All Other Governmental Funds										
Reserved	\$ 913,698	\$ 962,468	\$ 748,535	\$ 1,394,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,722,601	4,317,298	7,066,616	8,389,693	-	-	-	-	-	-
Capital project funds	(220,485)	(2,874,510)	(4,769,791)	(8,485,437)	-	-	-	-	-	-
Nonspendable					-	72,363	78,437	-	55,404	66,322
Restricted					63,576	282,554	326,574	356,338	374,046	2,214,940
Committed					4,801,598	9,653,697	9,152,145	8,606,658	8,714,952	8,447,235
Unassigned					-	(1,006,875)	(992,940)	(993,496)	(1,431,632)	(3,881,136)
Total all other governmental funds	\$ 4,415,814	\$ 2,405,256	\$ 3,045,360	\$ 1,298,591	\$ 4,865,174	\$ 9,001,739	\$ 8,564,216	\$ 7,969,500	\$ 7,712,770	\$ 6,847,361

** 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property Taxes	\$ 43,244,359	\$ 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
Intergovernmental revenues	10,647,869	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
Licenses, Fees, Charges, Fines...	2,123,022	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
Investment Income	550,834	830,690	678,890	503,420	423,200	377,649	404,920	459,594	429,541	467,318
Other Revenue	2,540,088	2,339,707	2,673,628	3,628,967	1,418,406	525,872	592,228	680,969	620,096	880,711
Total revenues	59,106,172	61,461,477	61,720,753	63,093,144	60,142,193	62,946,862	63,674,768	66,228,051	67,839,386	70,552,926
Expenditures:										
Current:										
General Government	2,202,635	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
Public Safety	7,900,652	9,002,213	9,646,412	9,954,701	9,954,729	9,505,742	9,493,438	10,168,183	10,700,369	10,721,051
Public Works	2,853,597	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
Education	31,142,113	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
Libraries (A)	-	-	-	-	-	1,187,734	1,187,734	1,217,734	1,254,265	1,283,079
Public Health and Assistance	38,849	39,070	45,058	38,334	7,434	7,450	8,350	8,197	5,992	7,938
Recreation, Senior & Neighborhood Center	460,941	495,196	570,794	552,910	464,250	798,384	740,680	894,182	1,529,780	1,011,640
Miscellaneous	6,766,122	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
Capital Expenditures	4,686,181	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
Debt Service:										
Principal	1,730,000	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
Debt Financing Costs	687,005	-	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
Total expenditures	58,468,095	61,934,756	61,769,837	64,280,354	64,198,248	65,856,660	66,492,289	67,935,003	68,523,703	77,845,910
Excess of revenues over (under) expenditures	638,077	(473,279)	(49,084)	(1,187,210)	(4,056,055)	(2,909,798)	(2,817,521)	(1,706,952)	(684,317)	(7,292,984)
Other Financing Sources (Uses):										
Proceeds from debt issuance	71,510	-	-	-	7,650,000	5,000,000	67,280	754,671	-	6,292,564
Proceeds from refunding bond issuance	-	-	-	-	-	4,520,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(2,852,555)	-	-	-	-
Transfers in	32,065,961	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
Transfers out	(32,201,510)	(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)
Total other financing sources (uses)	(64,039)	36,533	203,145	163,804	7,914,787	8,140,445	1,543,655	1,254,671	500,000	6,792,564
Net change in fund balances	\$ 574,038	\$ (436,746)	\$ 154,061	\$ (1,023,406)	\$ 3,858,732	\$ 5,230,647	\$ (1,273,866)	\$ (452,281)	\$ (184,317)	\$ (500,420)
Debt service as a percentage of noncapital expenditures (1)	4.71%	4.29%	4.22%	3.74%	6.94%	6.27%	4.12%	2.96%	3.35%	3.30%

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

Fiscal Year¹ Ended June 30	Real Property Assessed Value²	Personal Property Assessed Value	Less: Tax Exempt Real Property	Less: Tax Exempt Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value Taxable Value	Assessed Value² as a Percentage of Actual Value
2007	\$ 2,313,642,249	\$ 292,248,770	\$ 184,214,089	\$ 75,488,537	\$ 2,346,188,393	\$ 16.99	\$ 3,255,329,193	80.05%
2008	\$ 3,065,382,958	\$ 288,728,199	\$ 394,607,759	\$ 76,381,312	\$ 2,883,122,086	\$ 14.56	\$ 3,626,066,116	92.50%
2009	\$ 3,096,542,569	\$ 259,788,795	\$ 377,154,889	\$ 76,381,409	\$ 2,902,795,066	\$ 15.18	\$ 3,532,980,383	95.00%
2010	\$ 3,218,987,988	\$ 249,427,396	\$ 379,352,117	\$ 75,510,837	\$ 3,013,552,430	\$ 15.32	\$ 3,650,963,564	95.00%
2011	\$ 2,746,949,039	\$ 274,339,993	\$ 360,935,982	\$ 27,673,250	\$ 2,632,679,800	\$ 18.32	\$ 3,114,751,580	97.00%
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%

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

¹ Revaluations were conducted for Fiscal Years 2008, 2011 and 2014

² Includes tax-exempt property

SCHEDULE 6

TOWN OF SMITHFIELD, RHODE ISLAND
PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	Town Operating Millage	School Operating Millage	Debt Service Millage	Total Direct Tax Rate
2007	\$ 7.36	\$ 9.00	\$ 0.64	\$ 16.99
2008	\$ 6.24	\$ 7.79	\$ 0.53	\$ 14.56
2009	\$ 6.53	\$ 8.09	\$ 0.56	\$ 15.18
2010	\$ 6.69	\$ 8.27	\$ 0.36	\$ 15.32
2011	\$ 7.94	\$ 9.95	\$ 0.43	\$ 18.32
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

Source: Town of Smithfield, Rhode Island Finance Records

SCHEDULE 7

TOWN OF SMITHFIELD, RHODE ISLAND
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2016

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Fidelity Corporate Real Estate	\$ 149,687,900	1	5.63%	\$ 66,976,410	1	2.75%
W/S Smithfield Associates, LLC	54,990,500	2	2.07%	49,246,300	2	2.02%
National Grid (Electricity)	66,173,960	3	2.49%	14,717,610	4	0.60%
Smithfield Office Park	20,050,400	4	0.75%	18,181,818	3	0.75%
Village at Waterman Lake	16,244,900	5	0.61%	13,556,700	6	0.56%
Target Corp.	13,169,280	6	0.50%	14,118,980	5	0.58%
Alexion Manufacturing, L.L.C.	10,556,000	7	0.40%			
Stop & Shop Supermarket	9,297,360	8	0.35%			
FGX International, Inc.	8,596,300	9	0.32%	10,537,200	7	0.43%
Norman Realty Corporation	8,222,400	10	0.31%			
B-D Assurance Company, LTD				9,758,637	8	0.40%
R A Smithfield, LLC				8,468,500	9	0.35%
The Dow Chemical Company				7,156,270	10	0.29%
	<u>\$ 356,989,000</u>		<u>13.43%</u>	<u>\$ 212,718,425</u>		<u>8.72%</u>
Total assessed valuation (gross)	\$ 2,657,971,700			\$ 2,438,427,300		

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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2007	\$ 39,873,408	\$ 35,907,818	90.05%	\$ 3,866,773	\$ 39,774,591	99.75%
2008	\$ 41,966,302	\$ 37,655,824	89.73%	\$ 4,176,893	\$ 41,832,717	99.68%
2009	\$ 44,064,149	\$ 39,986,080	90.75%	\$ 3,841,303	\$ 43,827,383	99.46%
2010	\$ 46,156,583	\$ 43,822,439	94.94%	\$ 2,152,682	\$ 45,975,121	99.61%
2011	\$ 48,233,107	\$ 43,814,774	90.84%	\$ 4,295,199	\$ 48,109,973	99.74%
2012	\$ 49,357,148	\$ 45,733,515	92.66%	\$ 3,494,246	\$ 49,227,761	99.74%
2013	\$ 50,485,821	\$ 46,749,238	92.60%	\$ 3,562,556	\$ 50,311,794	99.66%
2014	\$ 51,713,919	\$ 48,620,078	94.02%	\$ 2,934,809	\$ 51,554,887	99.69%
2015	\$ 53,767,983	\$ 51,574,182	95.92%	\$ 1,972,486	\$ 53,546,668	99.59%
2016	\$ 55,094,768	\$ 51,862,555	94.13%	\$ -	\$ 51,862,555	94.13%

TOWN OF SMITHEFIELD, RHODE ISLAND
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Total Personal Income ¹
	General Obligation Bonds	Lease Participation Certificates	Capital Leases	General Obligation Bonds	Revenue Bonds	Notes Payable		
2007	\$ 11,245,000	\$ 4,605,000	\$ 420,521	\$ -	\$ -	\$ 132,686	\$ 16,403,207	2.61%
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 ²	\$ 13,170,000	\$ 1,665,000	\$ 103,979	\$ -	\$ 1,225,000	\$ -	\$ 16,163,979	2.51%
2012	\$ 17,437,261	\$ 855,000	\$ 53,105	\$ -	\$ 5,138,101	\$ -	\$ 23,483,467	3.42%
2013	\$ 16,251,616	\$ -	\$ 43,539	\$ 227,000	\$ 8,419,101	\$ -	\$ 24,941,256	3.63%
2014	\$ 14,865,971	\$ -	\$ 777,080	\$ 227,000	\$ 8,162,101	\$ -	\$ 24,032,152	3.50%
2015	\$ 13,480,326	\$ -	\$ 461,110	\$ 206,000	\$ 7,734,651	\$ -	\$ 21,882,087	3.18%
2016	\$ 18,377,431	\$ -	\$ 163,400	\$ 184,000	\$ 7,304,201	\$ -	\$ 26,029,032	3.79%

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

¹ See the Schedule of Demographics and Economic Statistics for population data

² Includes GO Bond Issue of \$7.65M and a partial refunding of 2003 GOB

TOWN OF SMITHFIELD, RHODE ISLAND
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2007	\$ 11,245,000	\$ -	\$ 11,245,000	0.35%	\$ 528
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 ³	\$ 13,170,000	\$ -	\$ 13,170,000	0.42%	\$ 615
2012	\$ 17,437,261	\$ -	\$ 17,437,261	0.55%	\$ 809
2013	\$ 16,478,616	\$ -	\$ 16,478,616	0.50%	\$ 767
2014	\$ 15,092,971	\$ -	\$ 15,092,971	0.50%	\$ 704
2015	\$ 13,686,326	\$ -	\$ 13,686,326	0.44%	\$ 636
2016 ⁴	\$ 18,561,431	\$ -	\$ 18,561,431	0.60%	\$ 858

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

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

² See the Schedule of Demographics and Economic Statistics for population data

³ Includes new bond issue of \$7.65M and a partial refunding of 2003 GOB

⁴ Includes new bond issue of \$5.9M

TOWN OF SMITHFIELD, RHODE ISLAND
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2016

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 2016

Net Assessed Value	\$2,591,209,703
Debt Limit (3%)	\$ 77,736,291
Net Debt Applicable to limit	\$ 184,000
Legal debt margin	\$ 77,552,291

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 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	\$ 70,385,661
Total net debt applicable to limit	184,000	206,000	227,000	227,000	-	-	-	-	-	-
Legal debt margin	\$ 77,552,291	\$ 77,041,379	\$ 75,521,145	\$ 81,183,117	\$ 80,710,806	\$ 78,980,394	\$ 90,406,573	\$ 87,083,852	\$ 86,493,663	\$ 70,385,661
Total net debt applicable to the limit as a percentage of the debt limit	0.24%	0.27%	0.30%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: In 2014 the Town underwent a full property revaluation
 In 2008 and 2011 the Town underwent a statistical revaluation.
 The Town has \$206,000 outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2
 All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

TOWN OF SMITHFIELD, RHODE ISLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Population¹	Median Family Income¹	Median Home Price¹	Personal Income² (amounts expressed it thousands)	Per Capita Personal Income²	Median Age²	School Enrollment³	Unemployment Rate⁴
2007	21,308	\$ 66,320	\$ 286,000	*	*	*	2,609	4.40%
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%

Data sources

¹ The non-census year statistics are estimates calculated by the Rhode Island Department of Labor and Training. Most current available is 2010. The 2011 fiscal year census statistic is actual U.S. Census figure.

² City-Data.com

³ Smithfield School Department

⁴ Rhode Department of Labor and Training

SCHEDULE 14

TOWN OF SMITHFIELD, RHODE ISLAND
PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Fidelity Investments	3,900	1	25.58%	1,700	1	14.64%
Bryant University	674	2	4.42%	550	2	4.74%
Town of Smithfield	488	3	3.20%	496	4	4.27%
Citizens Bank of RI	400	4	2.62%	400	5	3.44%
FGX International	385	5	2.53%	275	7	2.37%
Alexion Pharmaceuticals	300	6	1.97%			
Village at Waterman Lake	300	7	1.97%	200	10	1.72%
The Stop & Shop Company, Inc.	300	8	1.97%	225	9	1.94%
Honeywell Industrial Safety	300	9	1.97%			
Dioptics Medical Products	250	10	1.64%			
Benny's Home & Auto Stores, Inc.				500	3	4.31%
Bacou-Dalloz Eye Protection				340	6	2.93%
The Home Depot				250	8	2.15%
Total	<u>7,297</u>		<u>47.86%</u>	<u>4,936</u>		<u>42.50%</u>

Source: Rhode Island Economic Development Corporation

TOWN OF SMITHFIELD, RHODE ISLAND
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	31	34	34	32	29	29	29	29	29	29
Public Safety										
Police										
Officers	40	41	41	41	41	41	41	42	42	42
Civilians	13	13	13	12	12	12	12	12	12	12
Animal Control *	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters and Officers	40	48	48	48	48	48	48	50	52	52
Civilians	6	6	6	6	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	18	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	1	0	0	0
Water	2	2	2	2	2	2	2	2	2	2
Total	<u>164</u>	<u>176</u>	<u>176</u>	<u>173</u>	<u>168</u>	<u>168</u>	<u>168</u>	<u>170</u>	<u>172</u>	<u>172</u>

* Note: Animal Control Employees were inadvertently left out of schedule in prior years.
 Source: Finance Department

TOWN OF SMITHFIELD, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical Arrests	1,015	947	861	822	801	704	606	659	717	629
Parking Violations	291	454	261	164	156	144	88	147	212	191
Traffic Violations	4,933	4,432	4,665	3,859	3,795	4,142	3,227	3,732	3,051	2,954
Fire										
Total Incidents	3,832	3,914	3,850	4,160	4,038	4,427	4,421	4,395	4,501	4,500
Commercial Inspections	152	173	204	157	175	164	176	152	167	448
Residential Inspections	304	313	305	178	227	146	194	196	278	256
Commercial Plan Review	92	82	102	59	49	67	92	69	64	94
Residential Plan Review	93	59	33	48	43	26	211	41	60	55
Highway and Street										
Street Resurfacing (miles)	8.15	2.90	3.88	2.73	1.92	0.00	1.06	0.50	0.00	1.91
Sanitation										
Refuse Collected (tons/day) *	24.39	21.04	24.78	24.10	25.23	25.95	23.18	20.43	19.80	19.82
Paper Recyclables Collected (tons/day)	3.72	3.91	3.91	4.74	4.93	5.06	N/A	N/A	N/A	N/A
Mixed Recyclables Collected (tons/day)	2.26	2.88	2.47	3.51	3.63	3.65	N/A	N/A	N/A	N/A
Single Stream Recyclables (tons/day) **							7.92	8.28	9.42	8.90
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	1,900	2,090	1,960	1,998	1,893	1,858	1,885	1,825	1,950	1,892

* Note: Correction to Refuse Collected (tons/day) for FY 2009 due to number of collection

** Recyclables were changed to Single Stream Recycling in FY 2013 and are no longer

Sources: Various Town departments

TOWN OF SMITHFIELD, RHODE ISLAND
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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
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
Culture and recreation										
Parks	8	8	8	8	8	8	8	8	8	8
Skating Arenas	1	1	1	1	1	1	1	1	1	1
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Ball Diamonds	14	14	14	14	14	14	14	14	14	14
Playgrounds	5	5	5	5	5	5	5	5	5	5
Basketball Courts	8	8	8	8	8	8	8	8	8	8
Walking Paths	7	7	7	7	7	7	7	7	7	7
Running Tracks	1	1	1	1	1	1	1	1	1	1
Beaches	2	2	2	2	2	2	2	2	2	2

Sources: Various Town departments

TOWN OF SMITHFIELD, RHODE ISLAND
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures ¹	Ratio of Total Debt Service to Total Governmental Expenditures
2007	\$ 1,730,000	\$ 687,005	\$ 2,417,005	\$ 54,631,064	4.42%
2008	\$ 1,740,000	\$ 666,491	\$ 2,406,491	\$ 57,914,632	4.16%
2009	\$ 1,685,000	\$ 662,168	\$ 2,347,168	\$ 61,769,837	3.80%
2010	\$ 1,570,000	\$ 504,275	\$ 2,074,275	\$ 64,280,354	3.23%
2011	\$ 1,600,000	\$ 519,658	\$ 2,119,658	\$ 64,198,249	3.30%
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%

Notes:

¹ Includes General, Special Revenue and Capital Project Funds.

SMITHFIELD PUBLIC SCHOOLS

Miscellaneous Statistics

June 30, 2016

BUILDINGS

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

OCTOBER STUDENT ENROLLMENT

STUDENTS	Fiscal Year	Elementary	Secondary	Total
	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	154.5
ESL	0.5
Special Education	45.9
Other (Librarians, Counselors, Nurses, etc.)	<u>23.6</u>
Total Certified Staff	224.5
Non- Certified Staff	
Secretary and Clerical	18
Building and Maintenance	26
Teacher Assistants	37.5
Supervisory Aides	0
Technicians	3.0
Bus Monitors	0
Attendance Officer	<u>1.0</u>
	85.5
Total FTE's	<u><u>325.0</u></u>

Data collected from School Department

TOWN OF SMITHFIELD, RHODE ISLAND
Miscellaneous Statistics
June 30, 2016

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:		Recreation	
	<u>Official US Census</u>	Parks	8
	1950 6,690	Playgrounds	5
	1960 9,442	Ball Diamonds	14
	1970 13,468	Soccer/Football Fields	6
	1980 16,886	Volleyball Courts	0
	1990 19,163	Skating Arenas	1
	2000 20,613	Basketball Courts	8
	2010 21,430	Walking Paths	7
Area of Town:	27.8 square miles	Running Tracks	1
Land Area:	26.7 square miles	Tennis Courts	7
		Historical Cemeteries	116
Miles of Streets		Municipal Buildings:	
Local Paved	140	Town Hall	1
State Paved	40	Senior Center	1
Private Paved	2.5	Public Works Garage	1
		Parks & Recreation	2
Elections - November 2014		Other Municipal Employees:	61
Registered Voters	15,818		
Number of Votes Cast	7,778		
Percentage Voting	49.17%		
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, 2016, which was audited in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

To the Town Council
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, 2016, 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 22, 2016.

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 22, 2016

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, 2016. 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, 2016.

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 22, 2016

TOWN OF SMITHFIELD, RHODE ISLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Pass-Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through Rhode Island Department of Education:				
<i>School Lunch Cluster:</i>				
National School Lunch Program	10.555	None	\$	155,624
Special Milk Program For Children	10.556	None		75
National School Breakfast Program	10.553	None		19,510
<i>Total School Lunch Cluster</i>			\$	-
Commodity Supplemental Food Program	10.565	None		46,334
Total U.S. Department of Agriculture			-	221,543
U.S. Department of Housing and Urban Development				
Passed through Rhode Island Office of Housing and Community Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	None		157,588
Total U.S. Department of Housing and Urban Development			-	157,588
U.S. Department of Justice				
Passed through Rhode Island Department of Health				
Enforcing Underage Drinking Laws Program	16.727	None	\$	21,020
Passed through Rhode Island Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0057		5,549
Bulletproof Vest Partnership Program	16.607	None		4,436
Total U.S. Department of Justice			21,020	31,247
U.S. Department of Transportation				
Passed through Rhode Island Department of Transportation				
Occupant Protection Incentive Grant	20.602	None		404
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	None		8,899
State and Community Highway Safety	20.600	None		8,183
Passed through Rhode Island Department of Environmental Management				
Recreation Trails Program	20.219	3361020		11,270
Total U.S. Department of Transportation			-	28,756
U.S. Department of Homeland Security				
Passed through Rhode Island Emergency Management Agency				
Assistance for Firefighters Grant	97.044	EMW-2014-FR-00269		273,500
Assistance for Firefighters Grant	97.044	EMW-2014-FO-01546		24,310
Homeland Security Grant Program	97.067	None		44,756
Total U.S. Department of Homeland Security			-	342,566
U.S. Department of Education				
Passed through Rhode Island Department of Education				
<i>Special Education Cluster:</i>				
Special Education Grants to States (Project IDEA - Part B)	84.027	2725132.02.02		602,992
Special Education Preschool Grants (IDEA Preschool)	84.173	2725135.02.02		11,210
<i>Total Special Education Cluster</i>			-	614,202
Title I Grants to Local Educational Agencies	84.010	2725117.02.02		186,558
Supporting Effective Instruction State Grants	84.367	2725164.02.02		82,347
Career and Technical Education - Basic Grants to States	84.048	2725-15302-601		89,391
Total U.S. Department of Education			-	972,498
Total Expenditures of Federal Awards			\$	21,020
			\$	1,754,198

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TOWN OF SMITHFIELD, RHODE ISLAND

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016**

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, 2016. 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 \$46,334 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 SMITFIELD, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016***

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, 2016**

III. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)

Prior Year Findings:

None

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