TOWN OF SMITHFIELD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Dennis G. Finlay
Town Manager

Randy R. Rossi
Finance Director/Treasurer

Prepared by: Finance Department

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

TOWN OF SMITHFIELD, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
LETTER OF TRANSMITTAL	i
ORGANIZATIONAL CHART	vii
LIST OF TOWN OFFICIALS	viii
II. FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets	22
Notes to the Financial Statements	
Required Disclosures and Other Information	23
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – Schedule of Revenues Budget and Actual (Budgetary Basis) - General Fund	60
Budgetary Comparison Schedule – Schedule of Expenditures Budget and Actual (Budgetary Basis) - General Fund	61
Budgetary Comparison Schedule – Schedule of Revenues an Expenditures Budget and Actual (Budgetary Basis) – School Unrestricted Fund	63
Notes to Required Supplementary Information	64
Pension Plan – Schedule of Funding Progress	65

(continued)

TOWN OF SMITHFIELD, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS
(continued)

	PAGE
Other Supplementary Information	
Budgetary Comparison Schedule – Schedule of Revenues, and Expenditures– General Fund	69
Combining Balance Sheet – Non-major Governmental Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	71
Combining Balance Sheet – Restricted Special Revenue Funds Town	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Restricted Special Revenue Funds Town	77
Combining Balance Sheet – Capital Project Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	87
Combining Balance Sheet – Non-major Enterprise Funds	92
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-major Enterprise Funds	93
Combining Statement of Cash Flows – Non-major Enterprise Funds	94
Combining Statement of Changes in Assets and Liabilities – Agency Funds	96
III. STATISTICAL SECTION	
Tax Collectors Annual Report	97
Schedules of General Long-term Debt	98
Schedules of Debt Service Requirements – General Fund	99
Schedules of Debt Service Requirements – Enterprise Funds	100
Net Assets by Component	101
Changes in Net Assets	102
Fund Balances, Governmental Funds	103
Changes in Fund Balances - Governmental Funds	104
Assessed and Estimated Actual Value of Taxable Property	106
Property Tax rates	107
Principal Taxpayers	108
Property Tax Levies and Collections	109
Ratio of Net General Bond Debt to Assessed Value	110
Computation of Legal Debt Margin	111
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	112
Principal Employers	113
Public Schools Miscellaneous Statistics	114
Town of Smithfield Miscellaneous Statistics	115
IV. SINGLE AUDIT SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	116
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	118
Schedule of Expenditures of Federal Awards	120
Schedule of Findings and Questioned Costs	121
Schedule of Prior Year Findings and Questioned Costs	123
Notes to Schedule of Expenditures of Federal Awards	124

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials

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 1, 2008

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

The Comprehensive Annual Financial Report of the Town of Smithfield, for the fiscal year ended June 30, 2008 is submitted herewith. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial positions, results of operations and cash flows of the Town. All disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs have been included.

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

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

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

GOVERNMENT PROFILE

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

GOVERNMENT PROFILE (Continued)

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 $86,493,663 based on net assessed valuations of $2,883,122,086 as December 31, 2006. As of June 30, 2008, the Town has no debt outstanding under the 3% debt limit provision; all outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town Electorate.

STATE SCHOOL AID

Pursuant to Rhode Island General Laws Sections 16-7-15 et seq., as amended, the State provides school operations aid to each municipality and school district in the State, subject to annual appropriation by the General Assembly. The statutes provide for reimbursement of school expenditures based on a formula which adjusts the reimbursement ratio based on the relative equalized evaluation of property and median family income of a community relative to the state as a whole. The Town's School Department received $5,753,993 in fiscal year ended June 30, 2008 and budgeted $5,743,657 for fiscal year ending June 30, 2009.

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, 2008, the Town received $360,434 in such construction aid and the Town budgeted $320,000 for fiscal year ending June 30, 2009.

In addition to school operations assistance and school construction aid, municipalities in Rhode Island receive additional aid through the State General Revenue Sharing program. The program which has a distribution formula similar to the Federal Revenue Sharing Program, replaces various State grant and aid programs as of July 1, 1987. For the fiscal year ended June 30, 2008 the Town received $1,607,243 in aid and budgeted $1,582,733 in fiscal year ending June 30, 2009.

EDUCATION

A five-member School Committee that is elected at large at the regular biennial elections for staggered four-year terms directs the general administration of the Smithfield School System. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenues to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The cost of operating the Town's School System for the fiscal year ended June 30, 2008 was $30,706,973. The School Department budget for fiscal year ending June 30, 2009 is $32,333,450. The cost per student is $11,815 shared by the Town and the State of Rhode Island in the form of School Operations Aid.

EDUCATION (Continued)

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

FISCAL YEAR ENDING	ENROLLMENT
1998	2,718
1999	2,757
2000	2,735
2001	2,704
2002	2,687
2003	2,703
2004	2,615
2005	2,659
2006	2,625
2007	2,609
2008	2,599

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:

	Accounts	Units
Residential	4,596	5,283
Commercial	293	2,546
Industrial	18	135
Total	4,907	7,964

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, 2008 residential users were charged a flat rate of $275 for the year.

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

SANITATION

Weekly rubbish and garbage collection is provided by the Town through the use of private contractors. For the fiscal year ended June 30, 2008, the Public Works Department expended 943,795 for these services. For the fiscal year ending June 30, 2009 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, 2008 totaled $2,414,525 and budgeted $2,457,424 for fiscal year ending June 30, 2009.

PUBLIC SAFETY

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

The Police Department consists of 41 full-time police officers and approximately 3 auxiliary officers. In addition, there are 12 civilian full-time and 6 civilian part-time employees of support personnel including dispatch and animal control. The Police Department expended $4,414,378 for fiscal year ended June 30, 2008 and budgeted $4,614,678 for fiscal year ending June 30, 2009.

The Fire Department has 3 fire stations staffed by 49 full-time fire fighters and support personnel of 5 full-time employees. The Fire Department expended $4,606,078 for fiscal year ended June 30, 2008 and budgeted $4,568,234 for fiscal year ending June 30, 2009.

PUBLIC LIBRARIES

The Town operates two public libraries, Greenville Public Library and East Smithfield Public Library. For the fiscal year ended June 30, 2008 the combined allocation from the Town was $1,100,960 and budgeted $1,156,009 for the fiscal year ending June 30, 2009.

EMPLOYEE RELATIONS

The Town of Smithfield currently employs 166 full-time employees exclusive of those employed by the School Department. The School Department employs 230 certified employees and 87 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, 2010
Fire Department	3 year contract expires June 30, 2010
Police Civilian Employees	3 year contract expires June 30, 2011
Public Works Employees	3 year contract expires June 30, 2011
Town Hall Employees	3 year contract expires June 30, 2011
School Department Non-Certified	3 year contract expires June 30, 2009
Teachers	3 year contract expires August 31, 2011

FINANCIAL INFORMAITON

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

INTERNAL CONTROLS

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

> Transactions are executed in accordance with management's general or specific authorization.
>
> Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance – related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets.
>
> Access to assets is permitted only in accordance with management's authorization.
>
> The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

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

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

DEBT ADMINISTRATION

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the Town's debt position to municipal management, citizens and investors. This data for the Town at June 30, 2008 is as follows:

	AMOUNT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	DEBT PER CAPITA
Net Bonded Debt	$10,210,000	0.34%	$472.51

DEBT ADMINISTRATION (Continued)

The Town's bond ratings as of June 30, 2008 are as follows:

- Moody's: A1
- S & P: AA

CASH MANAGEMENT

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENT

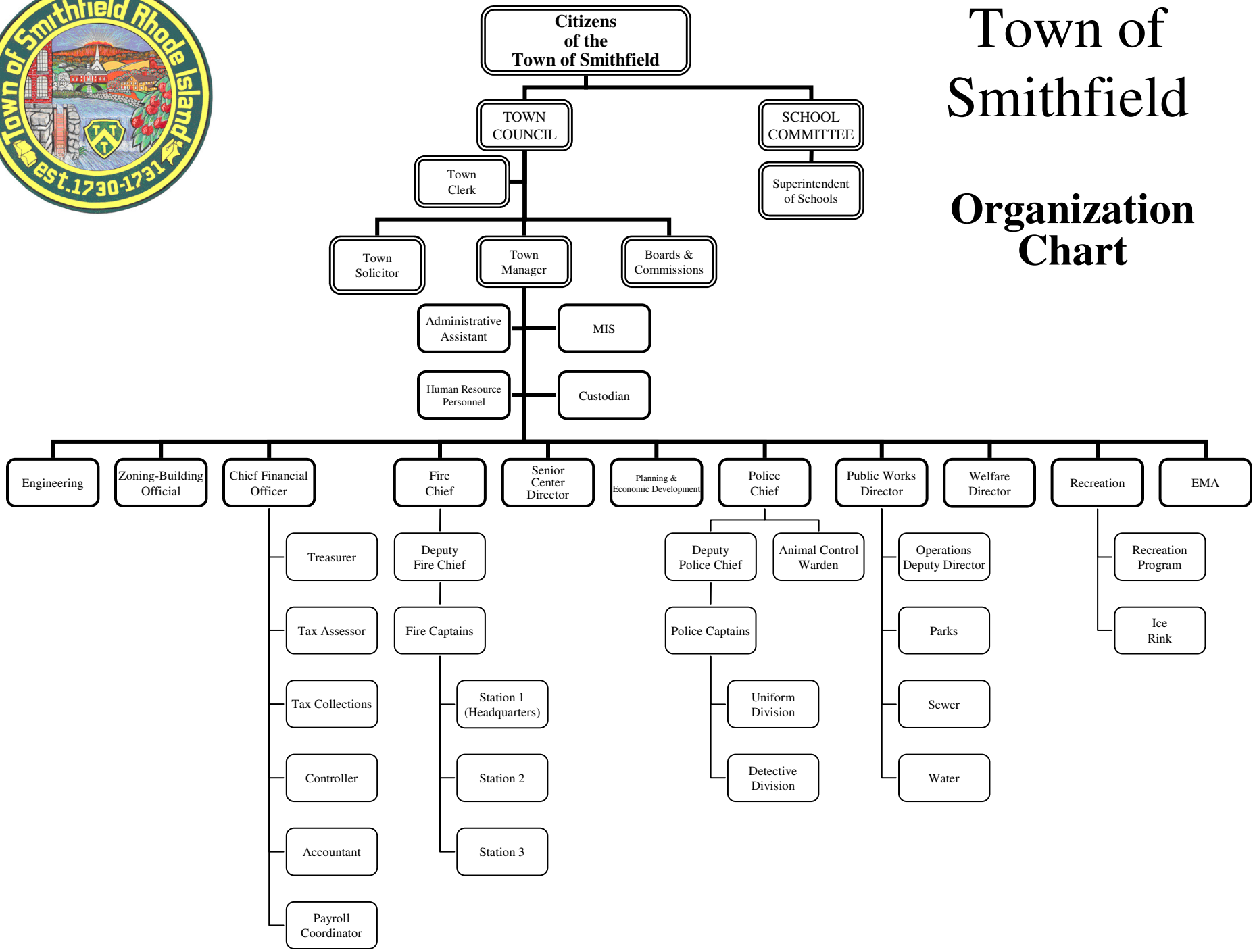
The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the competent staff of the Department of Finance. I would like to express my appreciation to the Town Controller, my staff and other personnel from various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

Respectfully Submitted,

Randy R. Rossi
Finance Director

Town of Smithfield

Organization Chart



TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2008

TOWN COUNCIL

Stephen R. Archambault, President
Bernard A. Hawkins, Vice-President
Michael J. Flynn
Ronald F. Manni
S. Jean Cerroni

TOWN MANAGER

Dennis G. Finlay

DEPARTMENT DIRECTORS

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

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island (Town) as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Smithfield, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 1, 2008 on our consideration of the Town of Smithfield, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and pension information on pages 3 through 11 and 60 through 68 respectively, are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund statements, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town. The combining and individual non-major fund statements and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The other schedules and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Parmelee, Poirier & Assoc. LLP

Parmelee, Poirier & Associates, LLP
December 1, 2008

TOWN OF SMITHFIELD, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2008
(Un-audited)

Our discussion and analysis of the Town of Smithfield, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- The Town's net assets increased $2,086,737 as a result of this year's current operations. On a government-wide basis the assets of the Town of Smithfield exceeded its liabilities at the close of the most recent fiscal year by $55,940,660. Net assets of Governmental Activities increased by $1,759,544 or 6.1%, which included prior period adjustments of $808,918, while net assets of business activities decreased by $481,725 or 1.9%.

- The Town's Government-wide (governmental and business activities) operating expenses were $64,566,054, a 5.7% increase from the prior year, while revenues collected were $66,652,791 a 2.9% increase. This increase was mainly due to an increase in our property tax base and grants and contributions in the fiscal year ended June 30, 2008.

- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of $16,315,271. Over 20.9% of this amount, $3,410,825, is unreserved and available for use within the Town's designation and fiscal policies.

- At the end of the current fiscal year, the general fund unreserved fund balance was $3,076,940, or 5.0% of the total general fund expenditures for the fiscal year. The current fiscal year's expenditures and transfers exceeded revenues and transfers by $1,573,812. On a budgetary basis revenues exceeded expenditures and transfers by $772,953.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 59.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 60 through 68.

The combining statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented on pages 69 through 96.

Government-wide Financial Analysis

Analysis of the Town of Smithfield's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of Smithfield, governmental activities assets exceeded liabilities by $55,940,660 as of June 30, 2008. This reflects an increase of $1,277,819 of which, $2,086,737 was an increase from this current year's activity and ($808,918) was a restatement of the previous year's net assets.

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

TOWN OF SMITHFIELD, RHODE ISLAND
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current and other assets	$ 25,042,092	$ 25,038,274	$ 8,084,513	$ 6,914,797	$ 33,126,605	$ 31,953,071
Capital assets	33,886,251	31,985,451	18,379,220	18,878,422	52,265,471	50,863,873
TOTAL ASSETS	58,928,343	57,023,725	26,463,733	25,793,219	85,392,076	82,816,944
LIABILITIES						
Other liabilities	8,435,475	9,808,936	917,925	574,540	9,353,400	10,383,476
Long-term liabilities	19,168,491	17,649,956	929,525	120,671	20,098,016	17,770,627
Total liabilities	27,603,966	27,458,892	1,847,450	695,211	29,451,416	28,154,103
NET ASSETS						
Invested in capital assets, net of related debt	19,460,357	15,714,930	17,449,695	18,745,736	36,910,052	34,460,666
Restricted for other purposes	6,907,769	6,159,108	-	-	6,907,769	6,159,108
Unrestricted	4,956,251	7,690,795	7,166,588	6,352,272	12,122,839	14,043,067
Total net assets	$ 31,324,377	$ 29,564,833	$ 24,616,283	$ 25,098,008	$ 55,940,660	$ 54,662,841

The largest portion of the Town's net assets $36,910,052 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

An additional portion of the Town's net assets, $6,907,769 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of the Town of Smithfield's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2008. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities increased the Town's net assets by $2,568,462 for the current period with prior period adjustments accounting for an decrease of $808,918 for a total increase of $1,759,544, which is an overall increase of 6.1% in the Town's governmental net assets, while business-type activities decreased the Town's net assets by $481,725, accounting for 1.9% decrease in business-type net assets. Overall the Town's net assets increased by $2,086,737, which is a 3.8% increase over the prior years net assets.

The net change in fund balance for the fiscal year ended June 30, 2008 was a decrease of $(436,746) for the Towns governmental fund types. In the statement of activities, expenditures for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of $1,826,930 net of depreciation to the net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements but in the statement of activities this resulted in a decrease of ($639,866). Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by $1,740,000.

Reductions in net assets included an increase in the Town's net pension obligation of $161,138.

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

TOWN OF SMITHFIELD CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	Total
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	$ 2,143,688	$ 2,985,668	$ 5,163,547	$ 4,783,406	$ 7,307,235	$ 7,769,074
Operating grants and contributions	11,074,157	9,505,923	361,042	496,323	11,435,199	10,002,246
Capital grants and contributions	-	727,546	-	22,362	-	749,908
General revenues						
Property taxes	45,449,278	43,501,514	-	-	45,449,278	43,501,514
Unrestricted investment earnings	547,245	550,834	274,237	319,140	821,482	869,974
Miscellaneous	1,638,295	1,881,701	-	-	1,638,295	1,881,701
Total revenues	60,852,663	59,153,186	5,798,826	5,621,231	66,651,489	64,774,417
Expenses						
General government	3,418,361	2,441,754	-	-	3,418,361	2,441,754
Public safety	9,194,453	8,734,533	-	-	9,194,453	8,734,533
Public works	3,707,364	3,776,856	-	-	3,707,364	3,776,856
Education	32,980,815	31,981,580	-	-	32,980,815	31,981,580
Recreation	39,070	448,708	-	-	39,070	448,708
Public health & assistance	464,342	38,849	-	-	464,342	38,849
Community development	46,617	50,686	-	-	46,617	50,686
Other	7,809,494	6,788,619	6,250,486	6,196,264	14,059,980	12,984,883
Interest on long-term debt	655,052	607,413	-	-	655,052	607,413
Total expenses	58,315,568	54,868,998	6,250,486	6,196,264	64,566,054	61,065,262
Increase in net assets	2,537,095	4,284,188	(451,660)	(575,033)	2,085,435	3,709,155
Transfers	30,065	(176,899)	(30,065)	176,899	-	-
Gain on disposal of capital assets	1,302	-	-	-	1,302	-
Increase (Decrease) in Net Assets	2,568,462	4,107,289	(481,725)	(398,134)	2,086,737	3,709,155
Net Assets - beginning	29,564,833	25,457,544	25,098,008	25,496,142	54,662,841	50,953,686
Prior period adjustment see Note 21	(808,918)	-	-	-	(808,918)	-
Net Assets - beginning (restated)	28,755,915	25,457,544	25,098,008	25,496,142	53,853,923	50,953,686
Net Assets - ending	$ 31,324,377	$ 29,564,833	$ 24,616,283	$ 25,098,008	$ 55,940,660	$ 54,662,841

Financial Analysis of the Town of Smithfield's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $16,315,271. Approximately 20.9% of the total amount, or $3,410,825 constituted unreserved fund balances. The remainder of the fund balance is reserved because of future commitments.

Reserved and designated fund balances:

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
Fund balances:					
Reserved for:					
Town held tax liens	$ 80,624	$ -	$ -	$ -	$ 80,624
Capital improvements	100,000	-	-	-	100,000
Capital expenditures	2,992,305	-	-	-	2,992,305
Subsequent year's expenditures (RUBS)	2,372,372	-	-	-	2,372,372
Subsequent year's bedgeted expenditures	400,000	610,554	-	-	1,010,554
Perpetual care	-	-	-	62,786	62,786
Unrserved: designated for:					
Supplement future tax assessments	4,000,000	-	-	-	4,000,000
Capital reserve	425,183	-	-	-	425,183
Land trust	212,591	-	-	-	212,591
Capital outlay	250,000	-	-	-	250,000
Restricted state aid	-	275,231	-	-	275,231
Unreserved , reported in					
General fund	3,076,940	-	-	-	3,076,940
Special revenue funds	-	630,099	-	3,701,096	4,331,195
Capital projects fund	-	-	(2,446,791)	(427,719)	(2,874,510)
Total fund balances	$ 13,910,015	$ 1,515,884	$ (2,446,791)	$ 3,336,163	$ 16,315,271

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

Unrestricted net assets of the respective proprietary funds are $7,166,588.

General Fund Budgetary Highlights

For the year ended June 30, 2008, the General Fund revenues exceeded budget projections by $1,585,727, or 2.8%. General Fund expenditures were over budget by $832,031, or 1.5%. this resulted in a $772,953 budgetary surplus in the General Fund for the year ended June 30, 2008.

Revenues:

Real Estate, Tangible and Auto Taxes – were over budget by $1,184,394 due to a favorable collection percentage.

Intergovernmental Revenues – were under budget by $316,582 due to reduced funding by the state after the Town's budget was finalized.

Licenses, fees and Permits – were over budget by $391,184 due to an unanticipated increase in building permit fees and recording fees.

Fines and Interest on Late Payments – were over budget by $216,212 due to a robust real estate market, resulting in past due real estate taxes having to be paid to complete the real estate transactions.

Expenditures:

General Government Expenditures – were over budget by $242,081 due to increased legal fees for labor negotiations and other legal matters.

Public Safety - was over budget by $349,286 due to the settlement of labor negotiations with the fire fighters and numerous retirements from within the department.

Town Other - were over budget by $193,871 as a result of an additional contribution made to the state retirement system.

The Town of Smithfield's Capital Assets

The Town of Smithfield's investment in capital assets for its governmental and business-type activities amounts to $52,265,471 net of accumulated depreciation at June 30, 2008. Included are land, buildings and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

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

TOWN OF SMITHFIELD, RHODE ISLAND
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	Total
	2008	2007	2008	2007	2008	2007
Land	$ 8,516,490	$ 7,754,315	$ 393,170	$ 393,170	$ 8,909,660	$ 8,147,485
Construction in progress	11,381	813,745	17,929	6,750	29,310	820,495
Land improvements	-	-	50,101	54,724	50,101	54,724
Plant and buildings	14,155,273	13,748,176	4,093,121	4,483,997	18,248,394	18,232,173
Pumping station and equipment	-	-	7,334,218	7,621,793	7,334,218	7,621,793
Street mains and manholes	-	-	3,893,685	3,725,850	3,893,685	3,725,850
Motor vehicles	918,435	955,445	-	-	918,435	955,445
Furniture and equipment	867,389	1,054,591	261,256	194,858	1,128,645	1,249,449
Transmission lines and hydrants	-	-	2,335,740	2,397,280	2,335,740	2,397,280
Infrastructure	9,417,283	7,659,179	-		9,417,283	7,659,179
Total	$33,886,251	$31,985,451	$18,379,220	$18,878,422	$52,265,471	$50,863,873

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 $10,210,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

TOWN OF SMITHFIELD, RHODE ISLAND
LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	Total
	2008	2007	2008	2007	2008	2007
Bonds payable	$10,210,000	$11,245,000	$ -	$ -	$10,210,000	$11,245,000
Lease participation certificates	3,900,000	4,605,000	-	-	3,900,000	4,605,000
Notes payable	-	-	929,525	132,686	929,525	132,686
Total	$14,110,000	$15,850,000	$929,525	$132,686	$15,039,525	$15,982,686

Additional information on the Town's long-term debt can be found in Note 6 of the Notes to the Financial Statements and on pages 98 through 100.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2007 is A1 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 $86,493,663 at year-end. The Town's outstanding general obligation debt is $10,210,000 at year-end, which is $76,283,663 under the State imposed limitation.

Economic Factors and Next Year's Budgets and Rates

Smithfield is known as the Apple Valley for orchards. In the 20th century, the Town transformed into a suburban community with a solid industrial and commercial base. Residential accounts for 71.26% of the tax base while commercial and industrial account for 21.55% of the tax base.

EMPLOYMENT

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

HOUSING

At the end of September 2008 the median sale price for single family homes in Smithfield was $235,000 and the median price of all sales was $230,000.

POPULATION

In 2000 Smithfield was ranked 18th in population among the thirty-nine cities and towns in Rhode Island. Based on the U.S. Bureau of Census, Smithfield experienced a moderate increase in population from 1970 through 2000.

Population in the Town from 1950 to 2000 was as follows:

Years	Population
1950	6,690
1960	9,442
1970	13,468
1980	16,886
1990	19,163
2000	20,613

Source: U.S. Bureau of the Census, 1950-2000

The Town of Smithfield's total general fund budget for fiscal year 2009 amounts to $61,538,789 which reflects an increase of $2,749,763 or 4.6% over the fiscal 2008 budget of $58,789,026. Of the Town's 2008 budget, $32,333,450, or 75% is budgeted for education expenditures.

The state of Rhode Island is budgeted to contribute $5,743,657 to the Town's education department based on State Aid.

The Town's tax rate for fiscal 2009 is $13.68 per $1,000 of assessed value with 26% allocated for general government and 74% allocated for education. For fiscal 2008 the Town's tax rate was $13.23 per $1,000 of assess value with 25% allocated for general government and 75% allocated for education.

Request for Information

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

Randy R. Rossi
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 20,772,493	$ 6,744,361	$ 27,516,854
Investments	-	249,146	249,146
Accounts receivable:			
Taxes - net	3,416,407	-	3,416,407
Water and sewer assessments and user fees - net	-	583,630	583,630
Other receivables	392,399	346,742	739,141
Due from other governments	380,169	31,915	412,084
Town held tax liens	80,624	-	80,624
Inventory at cost	-	24,365	24,365
Prepaid Items	-	98,285	98,285
Other Assets - net	-	6,069	6,069
Capital assets:			
Property, plant and equipment - net	33,874,870	18,379,220	52,254,090
Construction in progress	11,381	-	11,381
Total capital assets	33,886,251	18,379,220	52,265,471
TOTAL ASSETS	58,928,343	26,463,733	85,392,076
LIABILITIES			
Accounts payable and accrued expenses	2,029,721	514,750	2,544,471
Unearned revenue	118,180	206,615	324,795
Bond anticipation note	2,635,000	-	2,635,000
Internal balances	(196,560)	196,560	-
Other liabilities	3,849,134	-	3,849,134
Long-term liabilities			
Due within one year	1,772,336	93,413	1,865,749
Due in more than one year	17,396,155	836,112	18,232,267
Total liabilities	27,603,966	1,847,450	29,451,416
NET ASSETS			
Invested in capital assets, net of related debt	19,460,357	17,449,695	36,910,052
Restricted for other purposes	6,907,769	-	6,907,769
Unrestricted	4,956,251	7,166,588	12,122,839
Total net assets	$ 31,324,377	$ 24,616,283	$ 55,940,660

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Activities
For the Fiscal Year Ended June 30, 2008

		Program revenues		Net (Expense) Revenue and Changes in Net Assets		
				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/ Programs						
Primary government						
Governmental activities:						
General government	$ 3,418,361	$ 1,371,289	$ 1,204,445	$ (842,627)		$ (842,627)
Public safety	9,194,453	755,979	292,233	(8,146,241)		(8,146,241)
Public works	3,707,364	16,120	519,156	(3,172,088)		(3,172,088)
Education	32,980,815	-	9,007,860	(23,972,955)		(23,972,955)
Public health and assistance	39,070	300	3,846	(34,924)		(34,924)
Parks and recreation	464,342	-	-	(464,342)		(464,342)
Community development	46,617	-	46,617	-		-
Other	7,809,494	-	-	(7,809,494)		(7,809,494)
Interest on long-term debt and other cost	655,052	-	-	(655,052)		(655,052)
Total governmental activities	58,315,568	2,143,688	11,074,157	(45,097,723)		(45,097,723)
Business type activities:						
Sewer Authority	2,277,808	2,335,381	-	-	$ 57,573	57,573
Water Supply Board	1,052,921	1,328,927	-	-	276,006	276,006
Non-Major Funds	2,919,757	1,499,239	361,042	-	(1,059,476)	(1,059,476)
Total business-type activities	6,250,486	5,163,547	361,042	-	(725,897)	(725,897)
Total primary government	$ 64,566,054	$ 7,307,235	$ 11,435,199	(45,097,723)	(725,897)	(45,823,620)
	General revenues:					
	Property taxes			45,449,278	-	45,449,278
	State revenue sharing			1,607,243	-	1,607,243
	Unrestricted investment earnings			547,245	274,237	821,482
	Other revenues			31,052	-	31,052
	Gain on sale of assets			1,302	-	1,302
	Transfers			30,065	(30,065)	-
	Total general revenues			47,666,185	244,172	47,910,357
	Change in net assets			2,568,462	(481,725)	2,086,737
	Net assets - beginning			29,564,833	25,098,008	54,662,841
	Prior period adjustment see Note 21			(808,918)	-	(808,918)
	Net assets - beginning (restated)			28,755,915	25,098,008	53,853,923
	Net assets - ending			$ 31,324,377	$ 24,616,283	$ 55,940,660

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

Fund Financial Statements

TOWN OF SMITHFIELD, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 15,252,140	$ 1,110,326	$ -	$ 4,410,027	$ 20,772,493
Accounts receivable:					
Taxes, net	3,416,407	-	-	-	3,416,407
Other	84,269	300,034	-	8,096	392,399
Town held tax liens	80,624	-	-	-	80,624
Due from other governments	11,049	42,378	-	326,742	380,169
Internal balances	4,023,659	1,013,283	188,209	3,211,996	8,437,147
TOTAL ASSETS	$ 22,868,148	$ 2,466,021	$ 188,209	$ 7,956,861	$ 33,479,239
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 399,726	$ 819,191	$ -	$ 246,966	$ 1,465,883
Accrued payroll and benefits	362,848	76,730	-	-	439,578
Due to other governments	14,132	-	-	-	14,132
Internal balances	7,387,727	54,216	-	4,159,801	11,601,744
Deferred revenues	573,009	-	-	91,556	664,565
Bond anticipation note payable	-	-	2,635,000	-	2,635,000
Other liabilities	220,691	-	-	122,375	343,066
Total liabilities	8,958,133	950,137	2,635,000	4,620,698	17,163,968
Fund balances:					
Reserved for:					
Town held tax liens	80,624	-	-	-	80,624
Capital improvements	100,000	-	-	-	100,000
Capital expenditures	2,992,305	289,128	-	-	3,281,433
Subsequent year's expenditures (RUBS)	2,372,372	-	-	-	2,372,372
Subsequent year's bedgeted expenditures	400,000	610,554	-	-	1,010,554
Perpetual care	-	-	-	62,786	62,786
Unrserved: designated for:					
Supplement future tax assessments	4,000,000	-	-	-	4,000,000
Capital reserve	425,183	-	-	-	425,183
Land trust	212,591	-	-	-	212,591
Capital outlay	250,000	-	-	-	250,000
Restricted state aid	-	275,231	-	-	275,231
Unreserved , reported in					
General fund	3,076,940	-	-	-	3,076,940
Special revenue funds	-	340,971	-	3,701,096	4,042,067
Capital projects fund	-	-	(2,446,791)	(427,719)	(2,874,510)
Total fund balances	13,910,015	1,515,884	(2,446,791)	3,336,163	16,315,271
TOTAL LIABILITIES AND FUND BALANCES	$ 22,868,148	$ 2,466,021	$ 188,209	$ 7,956,861	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 10)	33,886,251
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 10)	291,346
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 10)	(19,168,491)
Net assets of governmental activities	$ 31,324,377

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	School Special Revenue Unrestricted Fund	Log Road	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues					
General property tax	$ 46,089,144	$ -	$ -	$ -	$ 46,089,144
Intergovernmental	8,917,658	-	-	1,836,441	10,754,099
License, fees and permits	841,184	-	-	-	841,184
Investment income	782,247	-	-	48,443	830,690
Departmental	606,653	-	-	-	606,653
Other revenues	-	1,650,836	-	688,871	2,339,707
Total revenues	57,236,886	1,650,836	-	2,573,755	61,461,477
Expenditures					
General government	2,786,122	-	-	65,095	2,851,217
Public safety	8,885,790	-	-	116,423	9,002,213
Public works	2,912,986	-	-	18,050	2,931,036
Education	-	31,999,285	-	976,063	32,975,348
Public health and assistance	39,070	-	-	-	39,070
Parks and recreation	448,579	-	-	-	448,579
Community development	-	-	-	46,617	46,617
Other	7,809,494	-	-	-	7,809,494
Debt service:					
Principal	1,740,000	-	-	-	1,740,000
Interest and other cost	666,491	-	-	-	666,491
Capital:					
Capital outlay	-	-	-	3,424,691	3,424,691
Total expenditures	25,288,532	31,999,285	-	4,646,939	61,934,756
Excess of revenues over (under) expenditures before other financing sources (uses)	31,948,354	(30,348,449)	-	(2,073,184)	(473,279)
Other financing sources (uses)					
Proceeds from sale of assets	6,468	-	-	-	6,468
Transfers from other funds	2,245,090	30,706,973	-	1,314,157	34,266,220
Transfers to other funds	(32,626,100)	-	-	(1,610,055)	(34,236,155)
Total other financing sources (uses)	(30,374,542)	30,706,973	-	(295,898)	36,533
Excess of revenues and other sources over(under) expenditures and other uses	1,573,812	358,524	-	(2,369,082)	(436,746)
Fund balances - beginning	12,336,203	1,157,360	(2,446,791)	5,705,245	16,752,017
Fund balances - ending	$ 13,910,015	$ 1,515,884	$ (2,446,791)	$ 3,336,163	$ 16,315,271

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

TOWN OF SMITHFIELD RHODE ISLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in fund balances-total governmental funds		$ (436,746)
Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:		
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($4,654,105) exceed depreciation $2,024,811 in the current period. Additionally, assets were capitalized from construction in progress in the amount of $802,364.		1,826,930
Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities.		(639,866)
Amortization of bond premiums in the current period do not represent current financial resources, however they are recognized as revenues in the statement of activities		42,491
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.		132,500
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.		
Loss on disposal of capital assets	(5,166)	
Principal payments made on long-term debt	1,740,000	
Decrease in capital leases	104,627	
Net increase in compensated absences	(35,170)	
Net increase in the net pension obligation	(161,138)	1,643,153
Change in net assets of governmental activities		$2,568,462

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

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,949,331	$ 715,168	$ 1,079,862	$ 6,744,361
Investments	-	-	249,146	249,146
Water and sewer assessments and user fees - net	123,220	193,514	63,819	380,553
Other receivables-net	346,742	-	-	346,742
Prepaid expenses	98,285	-	-	98,285
Due from other governments	-	-	31,915	31,915
Accrued interest receivable	1,069	-	-	1,069
Inventory	-	24,365	-	24,365
Total current assets	5,518,647	933,047	1,424,742	7,876,436
Non-current assets				
Sewer assessment fees	203,077	-	-	203,077
Asset restricted to investment in building	-	-	5,000	5,000
Net capital assets	13,049,327	2,573,107	2,756,786	18,379,220
Total non-current assets	13,252,404	2,573,107	2,761,786	18,587,297
TOTAL ASSETS	18,771,051	3,506,154	4,186,528	26,463,733
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	239,547	73,079	152,848	465,474
Deferred revenues	200,693	-	5,922	206,615
Internal balances	27,342	110,852	58,366	196,560
Current portion of bonds and notes payable	49,000	-	44,413	93,413
Total current liabilities	516,582	183,931	261,549	962,062
Non-current liabilities				
Compensated absences payable	-	10,129	39,147	49,276
Bonds and notes payable long term portion	801,000	-	35,112	836,112
Total non-current liabilities	801,000	10,129	74,259	885,388
Total liabilities	1,317,582	194,060	335,808	1,847,450
Net Assets				
Invested in Capital assets, net of related debt	12,199,327	2,573,107	2,677,261	17,449,695
Unrestricted	5,254,142	738,987	1,173,459	7,166,588
Total Net Assets	$17,453,469	$3,312,094	$ 3,850,720	$24,616,283

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Operating revenues				
User fees and service	$ 2,335,306	$1,269,495	$ 707,355	$ 4,312,156
Food sales	-	-	626,986	626,986
Other revenues	75	59,432	164,898	224,405
Total operating revenues	2,335,381	1,328,927	1,499,239	5,163,547
Operating expenses				
Salaries and benefits	61,533	200,669	1,209,502	1,471,704
Operations	1,240,334	782,252	1,503,716	3,526,302
Depreciation and amortization	975,941	70,000	203,951	1,249,892
Total operating expenses	2,277,808	1,052,921	2,917,169	6,247,898
Operating income (loss)	57,573	276,006	(1,417,930)	(1,084,351)
Non-operating revenues (expenses)				
Grants	-	-	361,042	361,042
Interest income	221,159	16,186	36,892	274,237
Interest expense	-	-	(2,588)	(2,588)
Total non-operating (expenses)	221,159	16,186	395,346	632,691
Transfers				
Operating transfers in (out)	(1,099,895)	(50,000)	1,119,830	(30,065)
Total transfers	(1,099,895)	(50,000)	1,119,830	(30,065)
Change in Net Assets	(821,163)	242,192	97,246	(481,725)
Total Net Assets - Beginning	18,274,632	3,069,902	3,753,474	25,098,008
Total Net Assets - Ending	$17,453,469	$3,312,094	$ 3,850,720	$24,616,283

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Cash flows from operating activities				
Cash received from customers	$2,348,478	$1,269,467	$ 1,464,942	$ 5,082,887
Cash received from providing services	-	59,432	(741,747)	(682,315)
Cash payments to suppliers for goods and services	(1,088,625)	(778,931)	(726,254)	(2,593,810)
Cash payments to employees for services	(61,533)	(227,978)	(1,206,980)	(1,496,491)
Net cash provided by (used for) operating activities	1,198,320	321,990	(1,210,039)	310,271
Cash flows from non-capital financing activities				
Operating transfers from other funds	(1,099,895)	(50,000)	1,119,830	(30,065)
Nonoperating grants received	-	-	361,042	361,042
Interfund loans	(978)	(60,033)	2,527	(58,484)
Net cash provided by non-capital financing activities	(1,100,873)	(110,033)	1,483,399	272,493
Cash flows from capital and related financing activities				
Principal paid on bonds & notes	-	-	(53,161)	(53,161)
Additions to capital assets	(585,520)	-	(165,171)	(750,691)
Interest paid on long term debt	-	-	(2,588)	(2,588)
Proceeds received from bonds/notes	404,973	-	-	404,973
Net cash (used for) capital and related financing activities	(180,547)	-	(220,920)	(401,467)
Cash flows from investing activities				
Interest income	221,159	16,186	36,892	274,237
Net purchases of investments	-	-	3,744	3,744
Net cash provided by investing activities	221,159	16,186	40,636	277,981
Net increase (decrease) in cash and cash equivalents	138,059	228,143	93,076	459,278
Cash and cash equivalents at beginning of year	4,811,272	487,025	986,786	6,285,083
Cash and cash equivalents at end of year	$4,949,331	$ 715,168	$ 1,079,862	$ 6,744,361

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2008
(continued)

	Enterprise Funds			
	Sewer Authority	Water Supply Board	Non-Major Funds	Total
Reconciliation of operating income to net cash provided by operating activities				
Operating income (Loss)	$ 57,573	$ 276,006	$ (1,417,930)	$(1,084,351)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	975,941	70,000	203,951	1,249,892
Changes in assets and liabilities:				
(Increase) decrease in inventory	-	(687)	4,674	3,987
(Increase) decrease in accounts receivable	(3,505)	(28)	(14,680)	(18,213)
(Increase) decrease in prepaid expenses	-	-	116	116
Increase (decrease) in accounts payable	151,709	4,008	7,945	163,662
Increase (decrease) in accrued expense			2,522	2,522
Increase (decrease) in compensated absences	-	(27,309)	-	(27,309)
Increase (decrease) in deferred revenue	16,602	-	3,363	19,965
Total adjustments	1,140,747	45,984	207,891	1,394,622
Net cash provided by operating activities	$1,198,320	$ 321,990	$ (1,210,039)	$ 310,271

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Employee Retirements Funds				
	Police Pension Trust	Fire Pension Trust	Accrued Retirement Plan	Total	Agency Funds
ASSETS					
Cash and cash equivalents	$ -	$ -	$ 845,809	$ 845,809	$ 636,345
Internal balances	3,289,175	72,018	-	3,361,193	-
Investments, at fair value:					
Cash management investment funds	1,952,557	1,345,943	-	3,298,500	-
Indexed stock fund	1,222,499	5,695,665	-	6,918,164	-
Diversified stock fund	1,373,603	5,809,653	-	7,183,256	-
Total investments	4,548,659	12,851,261	-	17,399,920	-
Total Assets	7,837,834	12,923,279	845,809	21,606,922	636,345
LIABILITIES					
Internal balances	-	-	-	-	36
Deposits held in custody for others	-	-	-	-	636,309
Total liabilities	-	-	-	-	$ 636,345
NET ASSETS					
Held in trust for pension benefits and other purposes	$ 7,837,834	$ 12,923,279	$ 845,809	$ 21,606,922	

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

TOWN OF SMITHFIELD, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	Police Pension Trust	Fire Pension Trust	Accrued Retirement Plan	Total
Additions				
Contributions				
Employee	$ -	$ 215,096	$ -	$ 215,096
Employer	1,048,000	563,084	50,000	1,661,084
Total contributions	1,048,000	778,180	50,000	1,876,180
Investment earnings				
Net increase (decrease) in fair value of investmen	(496,661)	(1,898,212)	-	(2,394,873)
Interest and dividends	134,937	114,350	14,920	264,207
Total investment earnings	(361,724)	(1,783,862)	14,920	(2,130,666)
Total additions	686,276	(1,005,682)	64,920	(254,486)
Deductions				
Benefits paid	1,498,309	611,031	-	2,109,340
Operating expenses	47,122	82,357	-	129,479
Total deductions	1,545,431	693,388	-	2,238,819
Change in net assets	(859,155)	(1,699,070)	64,920	(2,493,305)
Net assets - beginning of year	8,696,989	14,622,349	780,889	24,100,227
Net assets - end of year	$ 7,837,834	$ 12,923,279	$ 845,809	$ 21,606,922

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

Notes to Financial Statements

1. *REPORTING ENTITY*

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

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

Primary Government

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

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

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

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

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

The following entities were considered for classification as component units for fiscal year 2008:

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

(continued)

1. *REPORTING ENTITY (Continued)*

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

The Greenville Public Library

The Greenville Public Library provides services to residents generally within the geographic boundaries of the Town. The Greenville Public Library is included within the reporting entity because the government approves the Greenville Public Library's budget and provides a major portion of the funding for operations.

East Smithfield Public Library

The East Smithfield Public Library provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Public Library is included within the reporting entity because the government approves the East Smithfield Public Library's budget and provides a major portion of the funding for operations.

East Smithfield Neighborhood Center

The East Smithfield Neighborhood Center provides services to residents generally within the geographic boundaries of the Town. The East Smithfield Neighborhood Center is included within the reporting entity because the government approves the East Smithfield Neighborhood Center's budget and provides a major portion of the funding for operations.

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Recently Issued Accounting Standards

The Town will adopt the following new accounting pronouncement in future years:

→ GASB Statement No. 45 - Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the Town's fiscal year ending June 30, 2009.

→ GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.

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

(continued)

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

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

(continued)

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

Governmental Funds (Continued)

Capital Project Funds

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

Permanent Fund

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

Proprietary Fund

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

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

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

- Pupil Activity Funds
- Probate Court
- Street Lighting
- Soil Erosion

(continued)

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

Major and Non-Major Funds

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

Fund	Brief Description
Major:	
General:	See above for description
Special Revenue:	School Department: accounts for the general operations of the Smithfield Public Schools.
Capital Project:	Log Road: accounts for centrally located land purchased for a proposed Library and School development.
Proprietary:	Sewer Authority: accounts for the overseeing of the sewer operations of the Town of Smithfield including the administration of the ten-year contract with Veolia Water, Inc.
	Water Supply Board: responsible for supplying water service for approximately one-third of the Town and also a certain area in the Town of North Providence.
Non-Major:	
Special Revenue:	School Restricted Grants, Fire Apparatus, Municipal Contingency Escrow, Revaluation Fund, Smithfield Fire Rescue, Scholarship Fund, Recreation Capital, Review Fees, Animal Control Fund, Special Projects Fund, Animal Control Spay Neuter, RI DOH Alcohol Grant, CDBG Grant Funds, Inspection Fees, Senior Center, Capital Reserve, Land Trust, Historical Records, RI DOH Tobacco Grant, EMA – EOP, Police Christmas Fund, Document Preservation & Tech Upgrades, Police Confiscated Funds, EMA-Radio, Senior Center, , Revolving Loan Fund, Byrne Grant, Bulletproof Vest Program, RIDOT Click It or Ticket, Operation Blue Riptide, Kennedy Grant, Homeland Security Grant III, RI DOT Passenger Safety, Fire Prevention, Senior Center Memorial Donations, Post Employment Escrow and Police Walmart Grant.
Capital Projects:	Highway Resurfacing, Building Maintenance, Special Drainage, Handicap Accessibility, Senior Center, Highway Drainage, Sewer Contingency, Green Acres Acquisition Fund, Police Equipment, Impact Fees, Capital Improvement, State Sewer Projects, Open Space and Recreation Area, Drainage, Deerfield Park, Smithfield Historic Landmark, Middle School Additions, Water District Improvement Fee, Deerfield Park Addition, Senior Center Addition, High School Addition, Fire Department Headquarters, Wastewater Treatment Facility Improvements, Salt Barn Property, Apple Valley Road Connector, Road Resurfacing, Deerfield Park Wetlands Creation, Library Bond and Land Acquisition Fund.
Permanent Fund:	Cemetery Fund

(continued)

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

Measurement Focus

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

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

(a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.

(b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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

Basis of Accounting

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

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

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

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

(continued)

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

Investments

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

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

Accounts Receivable

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

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

Inventories

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

Vacation, Sick Leave and Other Compensated Absences

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

Short-Term Interfund Receivable/Payables

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

(continued)

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

Advances to Other Funds

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

Fund Balance Transactions

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

Prepaid Items

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

Property, Plant and Equipment

Property, Plant and Equipment

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

Government-Wide Statements

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

The Town has not valued or capitalized all of its infrastructure assets. Generally accepted accounting principles require that these assets be capitalized. The effect of this departure from generally accepted accounting principles is believed by management to be material to the financial statements.

(continued)

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

Property, Plant and Equipment (Continued)

Government-Wide Statements (Continued)

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

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

Fund Financial Statements

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

Equity Classifications

Government-Wide Statements

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

(a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

(c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

(continued)

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

Budgetary Process

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

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

The Town Moderator, who is appointed by the Council, conducts the Financial Town Meeting. The Town Council sits as the Budget Committee, and responds to questions along with the Town Manager and staff regarding the recommended municipal budget. The moderator conducts the meeting, ensures that the Rules of Order are enforced, and provides adequate opportunity for discussion upon each issue.

Based on state statutes, the School Committee is authorized to spend funds up to the total amount appropriated for the Unrestricted Fund, which is considered the fund level. The budget of the School Unrestricted Fund is prepared annually and submitted to the School Committee for approval. The amount of the annual transfer from the Town's General Fund to the School Unrestricted Fund is ultimately determined through the adoption of the General Fund budget.

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - General Fund has been adjusted to a basis consistent with the Town's budget.

Certain annual appropriations are carried over to next year's budget. There were $2,030,154 of supplemental budgetary appropriations made during the fiscal year ended June 30, 2008.

(continued)

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

Budgetary Process (Continued)

The adjustments necessary to reconcile actual revenues reported on a budgetary basis to actual revenues reported in accordance with generally accepted accounting principles are as follows:

	Revenues and Transfers	Expenditures and Transfers
General Fund:		
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual	$62,143,598	$61,370,645
Less: Fund Balance Reappropriated (RUBS)	(2,030,154)	-
Less: Revenue for capital projects - prior year fund balance carryover	(625,000)	-
Less: Capital Project appropriation available for future years. Considered a 2008 expenditure for budgetary purposes	-	(443,641)
Less: Expenditures recorded as transfers out for GAAP purposes, but as expenditures for budgetary purposes	-	(3,012,372)
Statement of Revenues, Expenditures, and Changes in Fund Balance	$59,488,444	$57,914,632

A reconciliation of the School's Operating Fund revenues and expenditures and other financing sources (uses) is presented below:

	Revenues and Transfers	Expenditures and Transfers
Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual	$31,879,773	$29,325,574
Transfer from fund balance to revenue for current year	(883,672)	-
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	1,361,708	1,361,708
Transfer to Literacy – Special Revenue Fund	(140,494)	(140,494)
Statement of Revenues, Expenditures, and Changes in Fund Balances	$32,217,315	$31,858,791

(continued)

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

Use of Estimates

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

3. *CASH AND INVESTMENTS*

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

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

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

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

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2008, $971,895 of the Town's balance of $28,999,008 was uninsured and uncollateralized.

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

(continued)

3. *CASH AND INVESTMENTS (Continued)*

Cash and investments of the Town consist of the following at June 30, 2008

Cash and cash equivalents	
Deposits with financial institutions	$ 28,999,008
Investments	
Pension trust fund:	
Cash management investment funds	3,298,500
Indexed stock fund	6,918,164
Diversified stock fund	7,183,256
Total pension investments	17,399,920
Greenville Public Library	
Mutual funds	176,859
Certificates of deposit	72,287
Total Greenville Public Library	249,146
Total investments	17,649,066
Total cash and investments	$ 46,648,074

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

Statement of Net Assets	
Cash and cash equivalents	$ 27,516,854
Investments	249,146
	27,766,000
Fiduciary Funds	
Cash and cash equivalents	1,482,154
Investments	17,399,920
	18,882,074
Total Cash and Investments	$ 46,648,074

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the town's debt type investments to this risk using the segment time distribution model is as follows:

		Investment Maturities (in Years)	
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years
Certificates of deposit	$ 72,287	$ 72,287	$ -
Mutual Funds	17,576,779	17,576,779	-
Total	$ 17,649,066	$ 17,649,066	$ -

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

(continued)

4. *TAXES AND ASSESSMENTS RECEIVABLE*

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

Unpaid property taxes at June 30, 2008, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

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

Net property taxes levied for the fiscal year 2008 were based on an assessed value of approximately $2,883,122,087 at December 31, 2006, and amounted to $41,966,249. Collections through June 30, 2008 amounted to $41,632,818, which represents 89.82% of the total tax levy. The percentage collected through August 31, 2008 was approximately 96.66%.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Government Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2008 are recorded as a receivable (net of an allowance for uncollectible property taxes of $4,238,954 and amounted to $3,416,407. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2008 are recorded as deferred revenue, net of allowance and amounted to $550,046 at June 30, 2008. Property taxes recognized as revenue for the fiscal year ended June 30, 2008 due to their collection within the 60 days immediately following June 30, 2008 amount to $2,869,288.

During the year ended June 30, 2008 the Town received $3,537,577 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 are being phased out over an eight-year period commencing with fiscal year 1999-2000. The phase-out program freezes the tax rate at $39.00 which was the rate in fiscal year 1997-1998.

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 will be supplemented through an increase in General State Aid. The General State Aid will be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009.

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

The allowance for uncollectible accounts of the Sewer Authority ($17,573) is based on that portion of sewer assessment and user charges and miscellaneous accounts receivable which is estimated to be doubtful of collection, or which may be abated due to appeals now under consideration.

(continued)

5. *INFORMATION ABOUT CAPITAL ASSETS*

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government				
	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land and improvements	$ 7,754,315	$ 762,175	$ -	$ -	$ 8,516,490
Construction in progress	813,745	-	802,364	-	11,381
Total capital assets not being depreciated	8,568,060	762,175	802,364	-	8,527,871
Other capital assets:					
Buildings and improvements	23,485,478	1,114,562	-	(2)	24,600,038
Equipment	2,412,501	115,554	-	(22)	2,528,033
Vehicles	4,913,064	207,186	83,459	(15)	5,036,776
Infrastructure	71,035,932	2,454,628	-	(15)	73,490,545
Total other capital assets at historical cost	101,846,975	3,891,930	83,459	(54)	105,655,392
Total capital assets	110,415,035	4,654,105	885,823	(54)	114,183,263
Less accumulated depreciation for:					
Buildings and improvements	9,737,302	708,108	-	(645)	10,444,765
Equipment	1,357,910	247,803	-	3,885	1,609,598
Vehicles	3,957,619	290,061	78,293	-	4,169,387
Infrastructure	63,376,753	778,839	-	(82,330)	64,073,262
Total accumulated depreciation	78,429,584	2,024,811	78,293	(79,090)	80,297,012
Governmental activities capital assets, net	$ 31,985,451	$2,629,294	$ 807,530	$ 79,036	$ 33,886,251

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 629,957
Public safety	373,282
Education	111,794
Recreation	36,120
Public works	873,658
Total governmental activities depreciation expense	$2,024,811

(continued)

5. *INFORMATION ABOUT CAPITAL ASSETS (Continued)*

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 393,170	$ -	$ -	$ 393,170
Construction in progress	6,750	11,179	-	17,929
Total capital assets not being depreciated	399,920	11,179	-	411,099
Other capital assets:				
Land improvements	83,629	-	-	83,629
Plant and Buildings	12,704,679	21,642	-	12,726,321
Pumping station and equipment	9,158,574	585,520	-	9,744,094
Street mains and manholes	13,340,787	-	-	13,340,787
Motor vehicles	111,698	135,352	-	247,050
Furniture and equipment	1,120,153	-	4,503	1,115,650
Transmission lines and hydrants	3,633,171	-	-	3,633,171
Total other capital assets at historical cost	40,152,691	742,514	4,503	40,890,702
Less accumulated depreciation for:				
Land improvements	28,905	4,623	-	33,528
Plant and Buildings	8,220,682	412,518	-	8,633,200
Pumping station and equipment	1,536,781	287,575	-	1,824,356
Street mains and manholes	9,614,937	417,685	-	10,032,622
Motor vehicles	111,698	-	-	111,698
Furniture and equipment	925,295	68,954	4,503	989,746
Transmission lines and hydrants	1,235,891	61,540	-	1,297,431
Total accumulated depreciation	21,674,189	1,252,895	4,503	22,922,581
Business-type activities capital assets, net	$ 18,878,422	$ (499,202)	$ -	$ 18,379,220

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Authority	$ 975,941
Water Supply Board	70,001
Non-major enterprise funds	206,953
Total business-type activities depreciation expense	$ 1,252,895

(continued)

6. *LONG-TERM LIABILITIES*

(a) General

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

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

The current three percent debt limit of the Town is $86,493,663, based on the net assessed valuation at December 31, 2006 of $2,883,122,087. There is no debt presently outstanding pursuant to this limitation.

Authorized But Unissued Debt

The Town has a total of $11,540,000 in authorized, unissued debt consisting of the following authorizations:

	Authorized	Unissued
Sewer:		
Chapter 519 PL 1986	$ 1,000,000	$ 650,000
Town Hall Renovation:		
Chapter 27 PL 1987	1,100,000	240,000
Water:		
Chapter 32 PL 1989	5,000,000	3,000,000
Land Trust Open Space:		
Chapter 421 PL 2004	2,650,000	2,650,000
Land Trust Farmland Conservation:		
Chapter 421 PL 2004	2,500,000	2,500,000
Land for School, Library and Related Purposes:		
Chapter 421 PL 2004	2,500,000	2,500,000
Total	$14,750,000	$11,540,000

(continued)

6. *LONG-TERM LIABILITIES (Continued)*

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

Long-term liability activity for the fiscal year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Retirements	Adjustments	Balance June 30, 2008	Amounts Due within One Year
Governmental Activities						
Bonds Payable	$11,245,000	$ -	$ 1,035,000	$ -	$ 10,210,000	$ 960,000
Lease Participation Certificates	4,605,000	-	705,000	-	3,900,000	725,000
Total bonds & notes payable	15,850,000	-	1,740,000	-	14,110,000	1,685,000
Other liabilities:						
Capital leases payable	420,521	-	104,627	-	315,894	87,336
Accrued compensated absences	3,266,141	35,170	-	-	3,301,311	-
Net Pension Obligation	392,194	161,138	-	887,954	1,441,286	-
Total other liabilities	4,078,856	196,308	104,627	887,954	5,058,491	87,336
Governmental Activities long-term liabilitie	$19,928,856	$ 196,308	$ 1,844,627	$ 887,954	$ 19,168,491	$ 1,772,336
Business-Type Activities						
Notes Payable	$ 132,686	$ 850,000	$ 53,161	$ -	$ 929,525	$ 93,413
Total notes payable	132,686	850,000	53,161	-	929,525	93,413
Other liabilities:						
Accrued compensated absences	76,585	-	27,309	-	49,276	-
Total other liabilities	76,585	-	27,309	-	49,276	-
Total enterprise funds	$ 209,271	$ 850,000	$ 80,470	$ -	$ 978,801	$ 93,413

(continued)

6. *LONG-TERM LIABILITIES (Continued)*

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

	Interest Rates	Principal	Due Dates
Governmental bonds and capital leases payable	2.5-6.50%	$14,110,000	2009-2024
Enterprise Funds bonds and notes payable	1.492-7.125%	929,525	2009-2022
	Total All Funds	$15,039,525	

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

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

Fiscal Year Ended June 30	Governmental Activites			Business-Type Activities			Total Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	830,000	236,813	1,066,813	93,413	19,231	112,644	923,413	256,044	1,179,457
2010	830,000	201,100	1,031,100	85,112	15,581	100,693	915,112	216,681	1,131,793
2011	830,000	164,550	994,550	51,000	14,661	65,661	881,000	179,211	1,060,211
2012	430,000	132,225	562,225	52,000	13,712	65,712	482,000	145,937	627,937
2013	430,000	115,025	545,025	53,000	12,729	65,729	483,000	127,754	610,754
2014	430,000	97,825	527,825	54,000	11,712	65,712	484,000	109,537	593,537
2015	430,000	80,625	510,625	55,000	10,660	65,660	485,000	91,285	576,285
2016	430,000	63,156	493,156	56,000	9,573	65,573	486,000	72,729	558,729
2017	430,000	45,419	475,419	57,000	8,447	65,447	487,000	53,866	540,866
Thereafter	9,040,000	2,208,667	11,248,667	373,000	24,463	397,463	9,413,000	2,233,130	11,646,130
TOTALS	$14,110,000	$3,345,405	$17,455,405	$ 929,525	$140,769	$1,070,294	$15,039,525	$ 3,486,174	$18,525,699

Accrued Compensated Absences - Town employees receive vested rights to paid vacation, sick time and compensatory time at the end of their first year of full-time employment with no pro rata payment if employment is terminated before the completion of a full year of service. An expenditure/expense is recognized each month as benefits are used, consistent with the standards established by GASB 16.

(continued)

6. *LONG-TERM LIABILITIES (Continued)*

Capital Leases

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

The assets acquired through capital leases are as follows:

Governmental Activities

	Public Safety	Public Works	Parks and Recreation
Assets:			
Vehicles and equipment.....	$474,811	$139,523	$71,510
Less: accumulated depreciation.....	(200,465)	(99,991)	(15,494)
Total.....	$274,346	$ 39,532	$56,016

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

2009	$101,341
2010	70,959
2011	70,960
2012	55,437
2013	55,437
Future minimum payments.....	354,134
Less: interest.....	(38,240)
Total long-term debt	$315,894

Payments made in fiscal 2008 totaled $123,094, of which $18,467 was interest and $104,627 was the present value of the future minimum lease payments.

7. *SHORT-TERM DEBT*

At July 10, 2007, the Town issued a $2,635,000, 4.3% Bond Anticipation Note with a maturity date of July 9, 2008.

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note	$2,635,000	$-	$-	$2,635,000

(continued)

8. *INTERFUND BALANCES*

Interfund receivables and payables at June 30, 2008 were as follows:

	Due from other funds		Due to other funds	
General Fund		$ 4,023,659		$ 7,387,727
Special Revenue Funds:				
School Unrestricted	1,013,283		54,216	
School Restricted	54,216		146,512	
Log Road	188,209		-	
Town Restricted	381,200	1,636,908	65,789	266,517
Capital Projects:		2,776,580		3,947,500
Trust and Agency Funds:				
Agency Funds	-		36	
Pension Trust Fund	3,361,193	3,361,193	-	36
Proprietary Funds				
Sewer Authority	-		27,342	
Water Supply Board	-		110,852	
School Lunch	-		2,760	
Smithfield Ice Rink	-	-	55,606	196,560
		$ 11,798,340		$ 11,798,340

9. *GRANT PROGRAMS*

Basis of Accounting

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

Grant Commitments

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

Community Development Block Grants

	06/31/19	07/31/20	Total
Total entitlement	$83,700	$54,000	$137,700
Total drawdowns through June 30, 2008.....	(60,000)	-	(60,000)
Balance of grant at June 30, 2008.....	$23,700	$54,000	$ 77,700

(continued)

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

"Total fund balances" of the town's governmental funds $16,315,271 differs from "net assets" of governmental activities $31,324,377 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	$ 20,772,493	$ -	$ -	$ 20,772,493
Accounts receivable:				
Taxes, net	3,416,407	-	-	3,416,407
Other	392,399	-	-	392,399
Town held tax liens	80,624	-	-	80,624
Due from other governments	380,169	-	-	380,169
Internal balances	8,437,147	-	(8,437,147)	-
Capital assets	-	33,886,251	-	33,886,251
Total assets	33,479,239	33,886,251	(8,437,147)	58,928,343
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,465,883	-	-	1,465,883
Accrued payroll and benefits	439,578	110,128	-	549,706
Due to other governments	14,132	-	-	14,132
Internal balances	11,601,744	-	(11,798,304)	(196,560)
Deferred revenues	664,565	(546,385)	-	118,180
Bond anticipation note payable	2,635,000			2,635,000
Other liabilities	343,066	144,911	3,361,157	3,849,134
Long-term liabilities				
Due within one year	-	1,772,336	-	1,772,336
Due in more than one year	-	17,396,155	-	17,396,155
Total liabilities	17,163,968	18,877,145	(8,437,147)	27,603,966
Fund Balances/Net Assets				
Total fund balances/net assets	16,315,271	15,009,106	-	31,324,377
Total liabilities and fund balances/net assets	$ 33,479,239	$ 33,886,251	$ (8,437,147)	$ 58,928,343

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

Cost of capital assets	$ 114,183,263
Accumulated depreciation	(80,297,012)
	$ 33,886,251

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

Bond premiums	$ (144,911)
Accrued interest payable	(110,128)
Adjustment of deferred revenue	546,385
	$ 291,346

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

Bonds & notes payable	$ (14,110,000)
Capital leases	(315,894)
Accrued compensated absences	(3,301,311)
Net Pension Obligation	(1,441,286)
	$ (19,168,491)

(continued)

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

The "net change in the fund balances" for governmental funds ($436,746) differs from the "change in net assets" for governmental activities $2,568,462 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital-related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	$ 46,089,144	$ (639,866)	$ -	$ -	$ 45,449,278
Intergovernmental	10,754,099	-	-	-	10,754,099
License, fees and permits	841,184	-	-	-	841,184
Investment income	830,690	-	-	-	830,690
Departmental	606,653	-	-	-	606,653
Other revenues	2,339,707	31,052	-	-	2,370,759
Total revenues	61,461,477	(608,814)	-	-	60,852,663
Expenditures					
Current:					
General government	2,851,217	(132,500)	607,963	91,681	3,418,361
Public safety	9,002,213	-	192,240	-	9,194,453
Public works	2,931,036	-	776,328	-	3,707,364
Education	32,975,348	-	5,467	-	32,980,815
Public health and assistance	39,070	-	-	-	39,070
Parks and recreation	448,579	-	15,763	-	464,342
Community development	46,617	-	-	-	46,617
Other	7,809,494	-	-	-	7,809,494
Debt service:					
Principal	1,740,000	-	-	(1,740,000)	-
Interest and other cost	666,491	(11,439)	-	-	655,052
Capital outlay	3,424,691	-	(3,424,691)	-	-
Total expenditures	61,934,756	(143,939)	(1,826,930)	(1,648,319)	58,315,568
Other financing uses/changes in net assets					
Gain (loss) on disposal of equipment	6,468	-	(5,166)	-	1,302
Net transfers to (from) other funds	30,065	-	-	-	30,065
Net other financing uses	36,533	-	(5,166)	-	31,367
Net change for the year	$ (436,746)	$ (464,875)	$ 1,821,764	$ 1,648,319	$ 2,568,462

(continued)

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

(1) Because some property taxes will not be collected for several months after the town's fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Property taxes	$ (639,866)

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

Accrued interest	$ 11,439
Amortization bond premiums	31,052
Total expenditure adjustment	$ 42,491

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

Capital outlay	$ 4,654,105
Depreciation expense	(2,024,811)
Difference	$ 2,629,294

When a loss is realized for the disposal of capital assets the loss is not recognized on the governmental funds and is only recorded on the statement of activities.

Loss on disposal of equipment	$ (5,166)

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

Principal payments made	$ 1,740,000
Decrease in capital leases	104,627
Decrease in accrued claims & judgements	132,500
Net increase in compensated absences	(35,170)
Net increase in the net pension obligation	(161,138)
Difference	$ 1,780,819

(continued)

12. *DEFINED BENEFIT PENSION PLANS*

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

The Town of Smithfield participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2008 was $6,223,843 and the Town wide payroll was approximately $30.8 million.

Plan Description

The following eligibility and benefit provisions are established by State Statute. The System generally provides retirement benefits equal to 2 percent of final average salary per year of service with a maximum benefit of 75 percent of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Benefits are established by State Statute.

MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

Funding Policy

MERS members are required to contribute 7% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 3.63% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Annual Pension Cost

For 2008, the Town did not have any pension cost for MERS. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included (a) a net investment return of 8.25 percent compounded annually, (b) projected salary increases of 4.5 percent compounded annually, (c) 3 percent per year cost-of-living adjustments, (d) mortality rates based on the 1994 Group Annuity Mortality Table and (e) a retirement age of 65 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 25-year period.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

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

All Town of Smithfield, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2008 was $15,760,373. The Town's total payroll was approximately $30.8 million.

Plan Description

The following eligibility and benefit provisions are established by State Statute. All Town of Smithfield, Rhode Island certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. Employees who retire at or after age 60 with 10 years of credited service or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7 percent of their final average salary for each year of credited service up to 10 years, plus 1.9 percent of their final average salary in excess of 10 years through 20 years, plus 3.0 percent of their final average salary in excess of 20 years up to the 34th year of service, plus 2.0 percent of their final average salary for the 35th year, up to a maximum benefit of 80 percent of their final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent compounded to allow for increases in cost of living. Cost of living adjustments begin on the January 1st following the third anniversary of an employee's retirement. There were no changes in the method, and assumptions in the June 30, 2005 actuarial valuation to determine plan cost. The System also provides death and disability benefits. The System also provides pre-retirement benefits at a minimum of 17% of salary for non-occupational disabilities after 5 years of service and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre and post-retirement benefits with minimum amounts established under varying circumstances.

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 13.04% 11.62%, and 9.72%, for all full-time employees for fiscal years 2008, 2007, and 2006, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first $9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

A. ***Mortality*** – 1994 Group Annuity Mortality Tables.

B. ***Investment return*** – 8.25 percent, compounded annually.

C. ***Salary increase*** - Salaries will increase at a rate of 3.0 percent, compounded annually.

D. ***Retirement age*** - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years service credit.

E. ***Cost of living adjustments*** – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

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

Funding Policy (Continued)

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.97% of non-federally reimbursable payrolls totaling $1,361,708 for the fiscal year ended June 30, 2008.

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

The amounts contributed to the plan are as follows:

Years Ending June 30,	Employee	Town's Portion Of Annual Required Contributions	Percentage Contributed
2008	$1,497,146	$2,106,950	100%
2007	$1,468,540	$1,841,864	100%
2006	$1,369,783	$1,437,111	100%

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

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2006 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

(c) Police Pension Plan

Plan Description

Police officers hired prior to July 1, 1999 were covered through June 30, 2006, under a single employer defined benefit pension plan which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2005, the plan was comprised of sixty-four participants: twenty-four active, five disabled, and thirty-five retired participants. Fourteen of the twenty-four active participants had sufficient service to be vested at June 30, 2005. This is based upon the most recent actuarial report dated July 1, 2005.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

(c) Police Pension Plan (Continued)

Plan Description (Continued)

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

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

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

Summary of Significant Accounting Policies

The Police Pension Trust Fund is prepared on the accrual basis of accounting. Contributions from the Town and participants are recognized as revenue in the period in which employees provide service to the Town. Investment income is recognized as earned by the pension plan. Investment in securities is valued at fair value.

Contributions and Reserves

As a condition of participation in the plan, members of the police department were required to make contributions each year at 13% of their pay. The collective bargaining agreement between the Town and police provided that the Town would contribute no more than 18.3% of police department payroll to the plan, plus an additional $1,048,000. In addition, the Town contributes the difference between the former 18.3% contribution rate of the Police Pension Trust Fund and the 12.47% contribution rate of the System to the Police Pension Trust Fund. Total contributions for the year ended June 30, 2008 were $1,048,000.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

(c) Police Pension Plan (Continued)

Plan Assets:

	2008	2007	2006
Fund value assets at beginning of year	$8,696,989	$8,054,539	$7,161,996
Plan income year ended June 30:			
Employer contributions	1,048,000	1,193,376	1,583,170
Employee contributions	-	-	189,023
Investment return	(361,724)	972,690	505,894
Plan expenses year ended June 30:			
Benefits paid	(1,498,309)	(1,464,352)	(1,315,091)
Administrative costs	(47,122)	(59,264)	(70,453)
Fund value assets at June 30	$7,837,834	$8,696,989	$ 8,054,539

Unfunded Actuarial Accrued Liability:

	2007	2006	2005
Unfunded actuarial accrued liability at beginning of year	*	*	$12,820,330
Interest at 8.5%	*	*	1,089,728
Normal cost assumed due July 1	*	*	884,133
Interest at 8.5%	*	*	75,151
Less: contributions applicable to plan year ending June 30	*	*	(1,648,976)
Less: adjustment to UAAL as a result of plan change	*	*	(674,290)
Interest at 8.5%	*	*	(16,391)
Unfunded actuarial accrued liability at June 30	*	*	$12,529,685

* Unavailable as of date of this report.

The actuarial cost method used to calculate the unfunded liability was the Frozen Initial Liability Cost Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption.

Police Pension Effective FY 2000 for New Hires

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

The payroll for employees covered by the System for the year ended June 30, 2008 was $2,648,412 and the Town wide payroll was approximately $30.8 million.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

(c) Police Pension Plan (Continued)

Plan Description

The eligibility and benefit provisions are established by State Statute. The System provides retirement benefits to employees at or after age 55 with 10 years of service or after 20 years of service with no restriction on age. The monthly benefit is calculated at 2.5% of the member's final average compensation for each year of service, up to a maximum of 30 years (75% maximum).

Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3%, not compounded, to allow for increases in the cost of living.

Contributions Required and Contributions Made

Police personnel are required by State Statute to contribute 9% until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2% or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2004.

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2008 was $671,315. This contribution represents 28.04% of covered payroll. Employees were required to contribute $217,542. This contribution represents 9% of covered payroll.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

(d) Fire Pension Plan

Plan Description

Fire department employees are covered under a single employer defined benefit pension plan which is administered by a private insurer. Plan participation commences on the first day of the month following the date the employee is hired. For the year ended June 30, 2008, the plan was comprised of 75 participants: 54 active, 1 terminated vested, 5 disabled, and 15 retired participants. 32 of the 54 active participants had sufficient service to be vested at June 30, 2008.

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

(d) Fire Pension Plan (Continued)

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

Summary of Significant Accounting Policies

The Fire Pension Trust Fund is prepared on the accrual basis of accounting. Contributions from the Town and participants are recognized as revenue in the period in which employees provide service to the Town. Investment income is recognized as earned by the pension plan. Investment in securities is valued at cost.

Contributions and Reserves

As a condition of participation in the plan, members of the fire department are required to make contributions each year at 7% of their pay. The collective bargaining agreement between the Town and police provides that the Town will contribute no more than 19.6% of fire department payroll to the plan. Accordingly, for the year ended June 30, 2008, the Town and plan participants contributed 19.6% and 7% of covered payroll, respectively. Total contributions for the year ended June 30, 2008, were $778,180. The contributions were comprised of a Town contribution of $563,084 and an employee contribution of $215,096. Total covered payroll for the year ended June 30, 2008 was approximately $2,739,916.

Plan Assets:

	2008	2007	2006
Fund value assets at beginning of year	$14,622,348	$12,455,809	$11,388,221
Plan income year ended June 30:			
Employer contributions	563,084	485,567	480,608
Employee contributions	215,096	173,415	171,646
Investment return	(1,783,862)	2,136,407	974,816
Plan expenses year ended June 30:			
Benefits paid	(611,031)	(544,381)	(526,466)
Administrative costs	(82,357)	(84,469)	(33,016)
Fund value assets at June 30	$12,923,279	$14,622,348	$12,455,809

Unfunded Actuarial Accrued Liability:

	2008	2007	2006
Unfunded actuarial accrued liability at beginning of year	$2,336,573	$1,989,143	$1,822,156
Interest at 8.5%	198,608	169,077	154,883
Normal cost assumed due July 1	391,501	639,600	457,066
Interest at 8.5%	33,278	54,366	38,851
Less: contributions applicable to plan year ending June 30	(543,246)	(495,004)	(464,475)
Interest at 8.5%	(22,617)	(20,609)	(19,338)
Unfunded actuarial accrued liability at June 30	$2,394,097	$2,336,573	$1,989,143

(continued)

12. *DEFINED BENEFIT PENSION PLANS (Continued)*

(d) Fire Pension Plan (Continued)

The actuarial cost method used to calculate the unfunded liability was the Frozen Initial Liability Cost Method. Under this method there are two components of annual cost: (1) the Amortization of unfunded actuarial accrued liability and (2) the Normal Cost, which is computed to spread the balance of the total liability over the average future working period of current active plan participants. The unfunded actuarial accrued liability is computed when this method is first applied, using the Entry Age Normal cost method. From that point forward, it is not recalculated, but instead updated with Normal Cost, employer contributions, interest, and any changes due to plan amendments or changes in assumption.

Financial assumptions were as follows: investment return 8.5%, prior year's expenses increased by 4%, salary increases 5.5%.

13. *POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS*

In addition to the pension benefits described in Note 10, the Town provides post employment health care benefits in accordance with Town contracts. These benefits are for continued full family or individual health care for the employee groups as described below.

Town Hall Employees, Police Civilians and Public Service Employees

Members of this group are eligible for postemployment benefits if they retire on or after July 1, 1988, have attained the age of fifty-eight and have served at least twenty years in the department at the time of retirement. Personnel employed by the Town as of December 31, 1980, shall be eligible for benefits with at least ten years of experience.

Firefighters

All employees of the fire department who retire on or after July 1, 1984 and have served at least twenty years in the department at the time of retirement or were placed on disability retirement, are eligible for postemployment benefits.

Police

Eligibility for members of the group stems from taking a normal retirement on or after July 1, 1988. A normal retirement shall be any of the following:

(1) Retirement after a minimum of twenty years of service and/or purchased military time.

(2) Retirement after a minimum of ten years of service at a minimum of fifty-five years of age.

(continued)

13. *POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)*

The Town's obligation for these groups shall continue until either the retiree or his spouse receive health care coverage from another employer or the retiree becomes eligible for Medicare or another federally subsidized health care program. If the health care program provided by another employer of the retiree or his spouse ceases to be provided at any time before the retiree becomes eligible for Medicare or another federally subsidized health care program, then the Town's obligation to pay for health care coverage shall resume. For police personnel, if the health care coverage offered by the new employer provides a lesser level of benefits than the Town plan, the Town shall pay to the health care provider the additional premium to provide benefits comparable to the Town plan.

The expenditures for post-employment health care benefits are recognized as the monthly premiums for the insurance become due. During the year ended June 30, 2008, expenditures of $576,895 were recognized for post-employment health care benefits. Of this amount, $460,050 was paid for twenty-five police retirees, $172,279 was incurred on behalf of thirteen firefighter retirees and $53,000 was incurred on behalf of four Town retirees.

School

Based upon union contracts, the School Department pays the cost of health, dental and vision insurance premiums for certain retired School Department employees. The School Department funds post employment benefits on a pay as you go basis. During the 2008 fiscal year, the School Department paid approximately $506,456 for health benefits and $46,854 for dental benefits and $1,454 for vision benefits for 75 retirees.

14. *FUND EQUITY*

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

(a) Reservations

Reservations of fund balance at June 30, 2008 were as follows:

General Fund:	
Reserved for Town held tax liens	$ 80,624
Reserved for capital improvements	100,000
Reserved for capital expenditures	2,992,305
Reserved for reappropriation of unappropriated balances (RUBS)	2,372,372
Reserved for subsequent year's budgeted expenditures	400,000
Total	$5,945,301
School Department:	
Reserved for capital expenditures	$ 289,128
Reserved for subsequent year's budgeted expenditures	610,554
Total	$ 899,682
Fiduciary Fund Types:	
Reserved for perpetual care	$ 62,786

(continued)

14. *FUND EQUITY (Continued)*

(b) Designations

Designations of fund balance at June 30, 2008 were as follows:

General Fund:	
Designated to supplement future tax assessments	$4,000,000
Designated for capital reserve	425,183
Designated for land trust	212,591
Designated for capital outlay	250,000
Total	$4,887,774
School Department:	
Designated for capital outlay	$275,231
Designated for restricted state aid	7,086
Total	$282,317

(c) Deficits

The following funds had deficit fund equity balances at June 30, 2008:

Major Governmental Funds:

Log Road	$2,446,791

Non-major Governmental Funds:

Fire Prevention	$ 2,817
Woods Plat Special Drainage	$ 165,338
Senior Center	$ 67,207
Deerfield Park Addition	$ 237,426
Senior Center Addition	$ 536,372
Salt Barn Property	$ 4,200
Apple Valley Road Connector	$ 2,480
Road Resurfacing	$1,936,394
Library Bond	$ 1,843
Land Acquisition Fund	$ 740,181

The deficits will be eliminated through future bond issues and/or Town appropriations.

(continued)

15. *RISK MANAGEMENT*

Health Care

The Town provides medical and dental coverage for all eligible employees of the Town and their dependents. Coverage is provided through a prospective premium basis plan which is a fully insured plan.

Unemployment

The Town is self-insured for unemployment benefits. There were no incurred but not reported claims outstanding as of June 30, 2008.

Other Insurance

The Town receives coverage for its property and liability expenses and for its workers' compensation expenses through the Rhode Island Interlocal Risk Management Trust. During the fiscal year ended June 30, 2008, the Town paid premiums of $152,800, $218,795, and $0 for its workers' compensation coverage, property and liability coverage, and for special police liability coverage, respectively. At June 30, 2008, the trust held reserves for future payments of open cases. The trust is obligated to make payments on the Town's behalf without any further obligation of the Town, unless the Town's applicable limit of liability were exhausted by the size of the loss or the nature of the loss would fall outside the parameters of the trust policy.

At June 30, 2008, the Town is unable to estimate the potential exposure for outstanding claims, which may fall outside the parameter of the trust policy.

16. *DEFERRED COMPENSATION PLAN*

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

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

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

(continued)

17. CONTINGENT LIABILITIES AND LITIGATION

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

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

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

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town maintains enterprise funds which provide water, sewer and other various services.

Segment information for the year ended June 30, 2008 is as follows:

	Sewer Authority	Water Supply Board	Non-Major Funds	Totals
Operating Revenues	$ 2,335,381	$ 1,328,927	$ 1,499,239	$ 5,163,547
Depreciation and amortization	975,941	70,000	203,951	1,249,892
Operating Income (loss)	57,573	276,006	(1,417,930)	(1,084,351)
Net Income (loss)	(821,163)	242,192	97,246	(481,725)
Property and Equipment Additions	585,520	-	165,171	750,691
Net Working Capital	5,002,065	749,116	1,163,193	6,914,374
Total Assets	18,771,051	3,506,154	4,186,528	26,463,733
Bonds and other Long-Term Liabilities	850,000	10,129	118,672	978,801
Total Equity	$ 17,453,469	$ 3,312,094	$ 3,850,720	$ 24,616,283

19. CASH FLOWS

Cash paid for interest for the ended June 30, 2008 for the enterprise funds was $6,747.

(continued)

20. *INTERFUND TRANSFERS*

Interfund transfers for fiscal year ended June 30, 2008 are as follows:

	Transfers In	Transfers Out
Governmental activities:		
Major funds:		
General Fund	$ 2,245,090	$32,626,100
School Department	30,706,973	-
Non-major funds	1,314,157	1,610,055
Total governmental activities	$34,266,220	$34,236,155
Business-type activities:		
Major funds:		
Sewer Authority	$ -	$1,099,895
Water Supply Board	-	50,000
Non-major funds	1,119,830	-
Total business-type activities	$1,119,830	$1,149,895
Total governmental & business-type activities	$35,386,050	$35,386,050

21. *PRIOR PERIOD ADJUSTMENTS*

Governmental Funds – Capital Assets: Prior year capital assets are being restated due to changes noted during inventory reviews. These corrections will increase prior year net assets by $79,036.

In the previous year, the Town did not properly account for its Net Pension Obligation. In prior years, the unfunded accrued actuarial liability was accounted for, not the Net Pension Obligation. This correction will decrease prior year net assets by $887,954.

The effects of the restatements pertain to the Government Wide Financial Statements only.

22. *RELATED PARTIES*

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2008.

23. *SUBSEQUENT EVENTS*

The Town issued a Bond Anticipation Note, maturing July 8, 2009, at an interest rate of 2.9376%, to pay off the existing $2,635,000, 4.3% Bond Anticipation Note maturing July 9, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Original Budget	Carryover of Prior Year Balance	Restricted Receipts Added to Appropriation	Final Budget	Actual Revenues	Capital Project Appropriations Reserved for Future Years	Variance
General property taxes							
Property taxes (includes state phase-out)	$44,904,750	$ -	$ -	$ 44,904,750	$ 46,089,144	$ -	$ 1,184,394
Total general property taxes	44,904,750	-	-	44,904,750	46,089,144	-	1,184,394
Intergovernmental revenues							
State aid for education	5,838,625	-	-	5,838,625	5,753,993	-	(84,632)
School housing aid	400,000	-	-	400,000	360,434	-	(39,566)
State hotel and meals tax	487,331	-	-	487,331	557,728	-	70,397
General state aid	1,867,355	-	-	1,867,355	1,607,243	-	(260,112)
Connecticut plan	437,602	-	-	437,602	437,602	-	-
Public utilities tax	203,327	-	-	203,327	200,658	-	(2,669)
Total intergovernmental revenues	9,234,240	-	-	9,234,240	8,917,658	-	(316,582)
Licenses, fees and permits	450,000	-	-	450,000	841,184	-	391,184
Interest income:							
Interest - short-term investments	150,000	-	-	150,000	498,802	-	348,802
Interest on taxes	220,000	-	-	220,000	283,445	-	63,445
Total interest income	370,000	-	-	370,000	782,247	-	412,247
Departmental revenue:							
Police department	-	-	77,892	77,892	77,892	-	-
School department	423,500	-	-	423,500	266,533	-	(156,967)
Miscellaneous	190,777	-	-	190,777	262,228	-	71,451
Total departmental revenues	614,277	-	77,892	692,169	606,653	-	(85,516)
Total revenues before other financing sources	55,573,267	-	77,892	55,651,159	57,236,886	-	1,585,727
Other financing sources							
Proceeds from sales of assets	-	-	6,468	6,468	6,468	-	-
Transfer from fund balance - RUB	-	2,030,154	-	2,030,154	2,030,154	-	-
Transfer from other funds	1,353,533	-	-	1,353,533	2,245,090	-	891,557
Transfer from RUB for capital	1,497,300	-	-	1,497,300	625,000	-	(872,300)
Total other financing sources	2,850,833	2,030,154	6,468	4,887,455	4,906,712	-	19,257
Total revenue and other financing sources	$58,424,100	$ 2,030,154	$ 84,360	$ 60,538,614	$ 62,143,598	$ -	$ 1,604,984

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Scheduleof Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Restricted Receipts Added to Appropriation	Revised Budgeted Expenditures	Actual Expenditures	Current Year Encumbrances	Capital Project Appropriations Reserved for Future Years	Variance
General government:								
Town Administration and Solicitor	$ 715,545	$ 62,640	$ -	$ 778,185	$ 984,901	$ -	$ 50,000	$ (206,716)
Building Inspectors Office	291,370	-	-	291,370	382,232	-	-	(90,862)
Tax Assessor's Office	189,896	-	-	189,896	190,809	-	-	(913)
Treasurer/Tax Collectors Office	444,229	-	-	444,229	429,997	-	-	14,232
Tax sale and collections	26,000	-	-	26,000	29,647	-	-	(3,647)
Town Clerks Office	278,055	-	-	278,055	277,841	-	-	214
Town Hall expense	487,700	165,417	-	653,117	631,517	-	94,700	21,600
Environmental affairs	278,506	168,120	-	446,626	453,976	-	-	(7,350)
Municipal Planners Office	162,400	-	-	162,400	125,212	-	-	37,188
Board of Canvassers/Elections	23,700	-	-	23,700	27,183	-	-	(3,483)
Conservation Commission/Green Acre	18,050	-	-	18,050	16,926	-	-	1,124
Town Boards and Commissions	30,955	-	-	30,955	34,423	-	-	(3,468)
Total General Government	2,946,406	396,177	-	3,342,583	3,584,664	-	144,700	(242,081)
Public Safety:								
Police Department	4,256,345	-	84,360	4,340,705	4,299,257	-	24,438	41,448
Fire Department	4,212,558	-	-	4,212,558	4,606,078	-	109,778	(393,520)
Animal Control	109,737	-	-	109,737	106,902	-	-	2,835
Civil Defense	8,170	-	-	8,170	8,219	-	-	(49)
Total Public Safety	8,586,810	-	84,360	8,671,170	9,020,456	-	134,216	(349,286)
Public Works:								
Payroll and operating expense	1,139,182	-	-	1,139,182	1,098,264	-	-	40,918
Rubbish and garbage collection	900,000	-	-	900,000	943,795	-	-	(43,795)
Street lights	225,000	-	-	225,000	191,238	-	-	33,762
Hydrant service	163,000	35,299	-	198,299	198,299	-	-	-
Highway resurfacing	205,000	139,057	-	344,057	358,397	-	-	(14,340)
Highway drainage	25,000	11,344	-	36,344	36,344	-	-	-
Landfill program	300,000	-	-	300,000	320,083	-	-	(20,083)
Capital improvements	211,900	-	-	211,900	211,900	-	130,063	-
Total Public Works	3,169,082	185,700	-	3,354,782	3,358,320	-	130,063	(3,538)
Public Health and Assistance:								
Northwest Community Nursing	20,000	-	-	20,000	20,000	-	-	-
Mental Health Services of N.W. RI	13,000	-	-	13,000	13,000	-	-	-
General Public Assistance	6,475	-	-	6,475	6,070	-	-	405
Total Public Health and Assistance	39,475	-	-	39,475	39,070	-	-	405
Recreation:								
Parks and Recreation Department	438,264	8,029	-	446,293	489,953	-	14,643	(43,660)
Total Recreation	438,264	8,029	-	446,293	489,953	-	14,643	(43,660)
Debt Service:								
Redemption of Bonds and Notes	2,130,500	460,932	-	2,591,432	2,591,432	-	-	-
Financing cost	167,300	67,462	-	234,762	234,762	-	-	-
Interest on Bonds and Notes	655,250	763,622	-	1,418,872	1,418,872	-	-	-
Total Debt Service	2,953,050	1,292,016	-	4,245,066	4,245,066	-	-	-

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Scheduleof Expenditures - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2008

	Original Budgeted Expenditures	Carryover of Prior Year Balance	Restricted Receipts Added to Appropriation	Revised Budgeted Expenditures	Actual Expenditures	Current Year Encumbrances	Capital Project Appropriations Reserved for Future Years	Variance
Miscellaneous - Town:								
Retirement Escrow	50,000	-	-	50,000	98,000	-	-	(48,000)
Municipal Escrow	27,480	1,402	-	28,882	40,985	-	-	(12,103)
Retirement Fund	2,100,000	-	-	2,100,000	3,402,507	-	-	(1,302,507)
Reserve Fund	290,185	-	-	290,185	-	-	-	290,185
Social Security Taxes	930,000	-	-	930,000	842,140	-	-	87,860
Georgiaville Pond Association	1,000	-	-	1,000	1,000	-	-	-
Unemployment Compensation	20,000	-	-	20,000	10,855	-	-	9,145
Insurance	475,000	-	-	475,000	470,877	-	-	4,123
Blue Cross/Delta Dental	3,155,000	-	-	3,155,000	2,500,112	-	-	654,888
Blackstone Valley Tourism	1,000	-	-	1,000	1,000	-	-	-
Northern RI Chamber of Commerce	1,500	-	-	1,500	1,500	-	-	-
Senior Services, Inc.	1,000	-	-	1,000	1,000	-	-	-
Postage	48,000	-	-	48,000	39,534	-	-	8,466
Tri -Town E.O.C.	14,000	-	-	14,000	14,000	-	-	-
Equipment Acquisition Fund	25,000	-	-	25,000	25,000	-	-	-
Decorating Soldiers Graves	700	-	-	700	700	-	-	-
Northern RI Extension Services	4,500	-	-	4,500	4,500	-	-	-
League of Cities and Towns	9,000	-	-	9,000	9,000	-	-	-
Retired Senior Volunteer Program	5,000	-	-	5,000	5,000	-	-	-
Volunteer Center of RI	500	-	-	500	500	-	-	-
Woonasquatucket Watershed	5,000	-	-	5,000	5,000	-	-	-
National Council of Boy Scouts	500	-	-	500	500	-	-	-
Smith Appleby Historical	5,000	-	-	5,000	5,000	-	-	-
Greenville Library Capital Reimb	5,500	-	-	5,500	-	-	-	5,500
RI Resource Consulting & Development	100	-	-	100	100	-	-	-
Dora C. Howard	20,000	-	-	20,000	20,000	-	-	-
Sewer Assessments	4,200	33,260	-	37,460	37,460	-	-	-
Town Newsletter	-	-	-	-	2,000	-	-	(2,000)
Senior Activities Center	334,625	5,805	-	340,430	329,245	-	20,019	11,185
North Central Chamber of Commerce	500	-	-	500	500	-	-	-
Handicapped Access	-	107,765	-	107,765	110,178	-	-	(2,413)
Reserve for Unpaid Taxes and Abatements	100,000	-	-	100,000	-	-	-	100,000
Land Trust	30,623	-	-	30,623	28,823	-	-	1,800
Total Miscellaneous - Town	7,664,913	148,232	-	7,813,145	8,007,016	-	20,019	(193,871)
Transfers to other funds:								
School unrestricted fund	30,706,973	-	-	30,706,973	30,706,973	-	-	-
East Smithfield Neighborhood Center	18,870	-	-	18,870	18,870	-	-	-
East Smithfield Neighborhood Public Library	424,470	-	-	424,470	424,470	-	-	-
Greenville Public Library	676,490	-	-	676,490	676,490	-	-	-
Post Employment Escrow	250,000	-	-	250,000	250,000	-	-	-
Revaluation Escrow	138,000	-	-	138,000	138,000	-	-	-
Historical Records	6,380	-	-	6,380	6,380	-	-	-
Document Preservation	17,916	-	-	17,916	17,916	-	-	-
Animal Control	958	-	-	958	958	-	-	-
Review Fees	15,706	-	-	15,706	15,706	-	-	-
Impact Fees	147,817	-	-	147,817	147,817	-	-	-
Municipal Escrow	222,520	-	-	222,520	222,520	-	-	-
Total transfers	32,626,100	-	-	32,626,100	32,626,100	-	-	-
Total Expenditures and other financing uses	$ 58,424,100	$ 2,030,154	$ 84,360	$ 60,538,614	$ 61,370,645	$ -	$ 443,641	$ (832,031)

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Budgetary Comparison Schedule - School Special Revenue Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2008

	Original Budget	Revised Budget	Actual	Variance
Revenues				
Intergovernmental revenue	$ 5,892,073	$ 5,743,568	$ 5,743,566	$ (2)
Reimbursement revenue	-	-	289,128	289,128
Other	423,500	423,500	276,961	(146,539)
Total revenue	6,315,573	6,167,068	6,309,655	142,587
Expenditures				
Salaries	18,861,605	18,861,605	19,131,414	(269,809)
Benefits	6,727,348	6,727,348	6,531,900	195,448
Purchased Services	3,781,232	3,781,232	3,388,655	392,577
Supplies & Utilites	1,565,279	1,565,279	1,449,756	115,523
Other	61,348	61,348	45,289	16,059
Capital:				
Capital outlay	593,833	593,833	90,563	503,270
Total expenditures	31,590,645	31,590,645	30,637,577	953,068
Excess of revenues over (under) expenditures before other financing sources	(25,275,072)	(25,423,577)	(24,327,922)	1,095,655
Other financing sources				
Appropriated use of fund balance	883,672	883,672	883,672	-
Operating transfer from town appropriation	23,941,400	24,089,905	24,236,446	146,541
Operating transfer from town for capital	450,000	450,000	450,000	-
Total other financing sources	25,275,072	25,423,577	25,570,118	146,541
Excess revenues and other sources over (under) expenditures and other sources	$ -	$ -	$ 1,242,196	$1,242,196

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2008:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	$ 772,953
Fund balance re-appropriated (RUBS)	(2,030,154)
Capital projects prior year fund balance carryover	(625,000)
Expenditures recorded as transfers out for GAAP purposes	3,012,372
Capital project appropriation available for future years	443,641
Excess of revenues and other sources over expenditures and other uses (GAAP)	$ 1,573,812

The following reconciliation summarizes the differences for the School's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2008:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	$1,242,196
Use of accumulated fund balance	(883,672)
Excess of revenues and other sources over expenditures and other uses (GAAP)	$ 358,524

POLICE EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	$8,050,660	$19,642,923	$11,592,263	41%	$1,454,021	797%
2007	$7,536,420	$19,663,020	$12,126,600	38%	N/A*	N/A*
2008	$5,629,265	$19,745,411	$14,116,146	29%	N/A*	N/A*

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30	Annual Pension Cost (APC)	Minimum Recommended Contribution	Percentage of Minimum Recommended Contribution	Net Pension Obligation
2006	$1,583,170	$1,032,192	153%	$ 0
2007	N/A*	N/A*	N/A*	N/A*
2008	N/A*	N/A*	N/A*	N/A*

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

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2005
Actuarial cost method	Frozen initial liability cost method
Amortization method	25 years as of July 1, 1999
Remaining amortization period	19 years (for original unfunded)
Asset valuation method	IPG Fund is held at contract value, all other investments at current market value
Actuarial assumptions:	
Investment rate of return	8.5%, net of investment expenses
Projected salary increases	5.5% annually
Cost-of-living adjustments	3% annually

(continued)

FIRE EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	$12,402,997	$14,392,140	$1,989,143	86%	$2,503,328	79%
2007	$14,635,156	$16,971,729	$2,336,573	86%	$2,504,806	93%
2008	$12,908,897	$15,302,994	$2,394,097	84%	$2,635,945	91%

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30	Contributions	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2006	$443,807	$693,368	64%	$869,116
2007	$479,392	$890,424	54%	$1,280,148
2008	$495,848	$656,986	76%	$1,441,286

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2008
Actuarial cost method	Frozen initial liability cost method
Amortization method	25 years as of July 1, 1999
Remaining amortization period	17 years (for original unfunded)
Asset valuation method	IPG Fund is held at book value, all other investments at current market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5% annually
Cost-of-living adjustments	3% annually

(continued)

TOWN OF SMITHFIELD, RHODE ISLAND
JUNE 30, 2008

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees						
2004	$18,037,583	$13,952,013	$(4,085,570)	129%	$4,966,118	(82)%
2005	$18,025,550	$16,265,163	$(1,760,387)	111%	$5,349,863	(33)%
2006	$18,912,050	$17,786,263	$(1,125,787)	106%	$5,728,180	(20)%
2007	N/A	N/A	N/A	N/A	N/A	N/A
Police Units						
2004	$360,186	$398,340	$ 38,154	90%	$524,140	7%
2005	$519,314	$511,054	$ (8,260)	102%	$540,015	(2)%
2006	$753,241	$768,948	$ 15,707	98%	$935,323	2%
2007	N/A	N/A	N/A	N/A	N/A	N/A

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Annual Required Contribution	Amount Contributed	Percentage Contributed
General Employees			
2006	$0	$0	0%
2007	$76,040	$76,040	100%
2008	$128,754	$128,754	100%
Police			
2006	$115,910	$115,910	100%
2007	$276,558	$276,558	100%
2008	$671,315	$671,315	100%

(continued)

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent closed
Remaining amortization period	N/A – No unfunded actuarial accrued liability
Asset valuation method	3 year smoothed market value of assets
Actuarial assumptions:	
Investment rate of return	8.25%, compounded annually
Projected salary increases	4.5%, compounded annually
Cost-of-living adjustments	3.0% not compounded
Inflation	3.0% annually

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

TOWN OF SMITHFIELD, RHODE ISLAND

Budgetary Comparison Schedule - General Fund

Schedule of Revenues and Expenditures

For the Fiscal Year Ended June 30, 2008

	Original Budget	Revised Budget	Actual	Variance
Revenues				
General property tax	$ 44,904,750	$ 44,904,750	$ 46,089,144	$ 1,184,394
Intergovernmental	9,234,240	9,234,240	8,917,658	(316,582)
License, fees and permits	450,000	450,000	841,184	391,184
Interest income	370,000	370,000	782,247	412,247
Departmental	614,277	692,169	606,653	(85,516)
Total Revenues	55,573,267	55,651,159	57,236,886	1,585,727
Expenditures				
General government	2,946,406	3,342,583	3,584,664	(242,081)
Public safety	8,586,810	8,671,170	9,020,456	(349,286)
Public works	3,169,082	3,354,782	3,358,320	(3,538)
Public health and assistance	39,475	39,475	39,070	405
Recreation	438,264	446,293	489,953	(43,660)
Other	7,664,913	7,813,145	8,007,016	(193,871)
Debt service:				
Principal	2,130,500	2,591,432	2,591,432	-
Interest	655,250	1,418,872	1,418,872	-
Other	167,300	234,762	234,762	-
Total expenditures	25,798,000	27,912,514	28,744,545	(832,031)
Excess of revenues over expenditures before operating transfers	29,775,267	27,738,645	28,492,341	753,696
Other financing sources and (uses)				
Proceeds from sale of assets	-	6,468	6,468	-
Transfer from fund balance - RUB	-	2,030,154	2,030,154	-
Transfer from other funds	1,353,533	1,353,533	2,245,090	891,557
Transfer to other funds	(32,626,100)	(32,626,100)	(32,626,100)	-
Transfer from RUB for capital	1,497,300	1,497,300	625,000	(872,300)
Total operating transfers	(29,775,267)	(27,738,645)	(27,719,388)	19,257
Excess of revenues over expenditures and operating transfers	$ -	$ -	$ 772,953	$ 772,953

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2008

	Special Revenue Restricted Town	Special Revenue Restricted School	Capital Projects Fund	Permanent Fund Cemetery Fund	Totals
ASSETS					
Cash and cash equivalents	$ 3,499,523	$ 6	$ 847,712	$ 62,786	$ 4,410,027
Loans receivable	8,096	-	-	-	8,096
Internal balances	381,200	54,216	2,776,580	-	3,211,996
Intergovernmental receivables	37,781	146,506	142,455	-	326,742
Total assets	$ 3,926,600	$ 200,728	$ 3,766,747	$ 62,786	$ 7,956,861
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ -	$ -	$ 246,966	$ -	$ 246,966
Internal balances	65,789	146,512	3,947,500	-	4,159,801
Deferred revenue	37,340	54,216	-	-	91,556
Other liabilities	122,375	-	-	-	122,375
Total liabilities	225,504	200,728	4,194,466	-	4,620,698
Fund balances (deficits)					
Reserved for:					
Perpetual care	-	-	-	62,786	62,786
Unreserved	3,701,096	-	(427,719)	-	3,273,377
Total Fund balances (deficits)	3,701,096	-	(427,719)	62,786	3,336,163
Total liabilities and fund balances	$ 3,926,600	$ 200,728	$ 3,766,747	$ 62,786	$ 7,956,861

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes In Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Special Revenue Restricted Town	Special Revenue Restricted School	Capital Projects Fund	Permanent Fund Cemetery Fund	Totals
Revenues					
Interest on investments	$ 36,659	$ -	$ 9,796	$ 1,988	$ 48,443
Intergovernmental revenue	321,795	976,063	538,583	-	1,836,441
Other	685,898	-	2,973	-	688,871
Total Revenues	1,044,352	976,063	551,352	1,988	2,573,755
Expenditures					
General government	65,095	-	-	-	65,095
Public safety	116,423	-	-	-	116,423
Public works	-	-	18,050	-	18,050
Education	-	976,063	-	-	976,063
Community development	46,617	-	-	-	46,617
Capital:					
Capital outlay	269,440	-	3,155,251	-	3,424,691
Total expenditures	497,575	976,063	3,173,301	-	4,646,939
Excess of revenues over (under) expenditures	546,777	-	(2,621,949)	1,988	(2,073,184)
Other Financing Sources (uses)					
Operating transfers in	928,771	-	385,386	-	1,314,157
Operating transfers out	(1,192,593)	-	(417,462)	-	(1,610,055)
Total other financing sources	(263,822)	-	(32,076)	-	(295,898)
Excess of revenues and other sources over (under) expenditures and other uses	282,955	-	(2,654,025)	1,988	(2,369,082)
FUND BALANCE - beginning	3,418,141	-	2,226,306	60,798	5,705,245
FUND BALANCE - ending	$ 3,701,096	$ -	$ (427,719)	$ 62,786	$ 3,336,163

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2008

	Fire Apparatus	Municipal Contingency Escrow	Revaluation Fund	Smithfield Fire Rescue	Scholarship Fund	Recreation Capital	Review Fees	Animal Control Fund
ASSETS								
Cash and cash equivalents	$ 291	$ 188,444	$ 410,535	$ 615,413	$ 4,471	$ 24,635	$ 88,579	$ 16,376
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	-	222,520	-	-	-	-	15,706	-
Intergovernmental receivables	-	-	-	-	-	-	-	-
Total assets	$ 291	$ 410,964	$ 410,535	$ 615,413	$ 4,471	$ 24,635	$ 104,285	$ 16,376
LIABILITIES AND FUND BALANCES								
Liabilities								
Internal balances	$ 291	$ -	$ 1,000	$ 4,678	$ -	$ -	$ -	$ 116
Deferred revenues	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	291	-	1,000	4,678	-	-	-	116
Fund balances (deficits)	-	410,964	409,535	610,735	4,471	24,635	104,285	16,260
Total liabilities and fund balances	$ 291	$ 410,964	$ 410,535	$ 615,413	$ 4,471	$ 24,635	$ 104,285	$ 16,376

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2008

	Special Projects Fund	Animal Control Spay Neuter	RI DOH Alcohol Grant	CDBG Grant Funds	Inspection Fees	Senior Center	Capital Reserve	Land Trust
ASSETS								
Cash and cash equivalents	$ 361,355	$ 3,043	$ -	$ 24,736	$ 305,214	$ -	$ 338,877	$ 494,207
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	-	-	-	-	-	106,451	-	-
Intergovernmental receivables	-	-	3,848	-	-	-	-	-
Total assets	$ 361,355	$ 3,043	$ 3,848	$ 24,736	$ 305,214	$ 106,451	$ 338,877	$ 494,207
LIABILITIES AND FUND BALANCES								
Liabilities								
Internal balances	$ -	$ -	$ 3,848	$ -	$ 1,590	$ -	$ -	$ -
Deferred revenues	-	-	-	24,736	-	-	-	-
Other liabilities	-	-	-	-	107,625	-	-	-
Total liabilities	-	-	3,848	24,736	109,215	-	-	-
Fund balances (deficits)	361,355	3,043	-	-	195,999	106,451	338,877	494,207
Total liabilities and fund balances	$ 361,355	$ 3,043	$ 3,848	$ 24,736	$ 305,214	$ 106,451	$ 338,877	$ 494,207

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2008

	Historical Records	RI DOH Tobacco Grant	EMA-EOP	Police Christmas Fund	Document Preservation & Tech Upgrades	Police Confiscated Funds	EMA-Radio	Senior Center
ASSETS								
Cash and cash equivalents	$ 11,403	$ -	$ 5,000	$ 358	$ 112,046	$ 14,692	$ 10,094	$ 1
Loans receivable	-	-	-	-	-	-	-	-
Internal balances	6,753	-	-	-	10,624	-	-	-
Intergovernmental receivables	-	515	-	-	-	-	2,678	-
Total assets	$ 18,156	$ 515	$ 5,000	$ 358	$ 122,670	$ 14,692	$ 12,772	$ 1
LIABILITIES AND FUND BALANCES								
Liabilities								
Internal balances	$ -	$ 324	$ -	$ 300	$ -	$ -	$ 2,880	$ 1
Deferred revenues	-	191	5,000	-	-	-	4,798	-
Other liabilities	-	-	-	58	-	14,692	-	-
Total liabilities	-	515	5,000	358	-	14,692	7,678	1
Fund balances (deficits)	18,156	-	-	-	122,670	-	5,094	-
Total liabilities and fund balances	$ 18,156	$ 515	$ 5,000	$ 358	$ 122,670	$ 14,692	$ 12,772	$ 1

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2008

	Revolving Loan Fund	Byrne Grant	Bulletproof Vest Grant	RIDOT Click It or Ticket	Operation Blue Riptide	Kennedy Grant	Homeland Security Grant III	RI DOT Passenger Safety
ASSETS								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans receivable	8,096	-	-	-	-	-	-	-
Internal balances	17,975	-	-	-	-	-	-	-
Intergovernmental receivables	-	29,641	-	-	700	399	-	-
Total assets	$ 26,071	$ 29,641	$ -	$ -	$ 700	$ 399	$ -	$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Internal balances	$ -	$ 27,026	$ -	$ -	$ 700	$ 399	$ -	$ -
Deferred revenues	-	2,615	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	29,641	-	-	700	399	-	-
Fund balances (deficits)	26,071	-	-	-	-	-	-	-
Total liabilities and fund balances	$ 26,071	$ 29,641	$ -	$ -	$ 700	$ 399	$ -	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Balance Sheet
June 30, 2008

	Fire Prevention	Senior Center Memorial Donations	Post Employment Escrow	Police Walmart Grant	Town Special Revenue Totals
ASSETS					
Cash and cash equivalents	$ 19,528	$ -	$ 450,225	$ -	$ 3,499,523
Loans receivable	-	-	-	-	8,096
Internal balances	291	880	-	-	381,200
Intergovernmental receivables	-	-	-	-	37,781
Total assets	$ 19,819	$ 880	$ 450,225	$ -	$ 3,926,600
LIABILITIES AND FUND BALANCES					
Liabilities					
Internal balances	$ 22,636	$ -	$ -	$ -	$ 65,789
Deferred revenues	-	-	-	-	37,340
Other liabilities	-	-	-	-	122,375
Total liabilities	22,636	-	-	-	225,504
Fund balances (deficits)	(2,817)	880	450,225	-	3,701,096
Total liabilities and fund balances	$ 19,819	$ 880	$ 450,225	$ -	$ 3,926,600

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended June 30, 2008

	Fire Apparatus	Municipal Contingency Escrow	Revaluation Fund	Smithfield Fire Rescue	Scholarship Fund	Recreation Capital	Review Fees	Animal Control Fund
REVENUES								
Interest on Investments	$ 1	$ 825	$ 8,790	$ 8,833	$ 10	$ 39	$ 140	$ 35
Intergovernmental revenue	-	-	-	-	-	-	-	-
Other	-	-	-	675,097	-	-	-	-
Total Revenues	1	825	8,790	683,930	10	39	140	35
EXPENDITURES:								
General government	-	-	1,005	-	-	-	-	-
Public safety	-	-	-	45,079	-	-	-	1,100
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	1,005	45,079	-	-	-	1,100
Excess of revenues over (under) expenditures before other financing sources (uses)	1	825	7,785	638,851	10	39	140	(1,065)
Other Financing Sources (uses)								
Operating transfers in	-	222,520	138,000	-	-	-	15,706	958
Operating transfers out	(291)	(290,000)	-	(403,000)	-	-	-	-
Total other financing sources	(291)	(67,480)	138,000	(403,000)	-	-	15,706	958
Excess of revenues and other sources over (under) expenditures and other uses	(290)	(66,655)	145,785	235,851	10	39	15,846	(107)
FUND BALANCE - beginning	290	477,619	263,750	374,884	4,461	24,596	88,439	16,367
FUND BALANCE - ending	$ -	$ 410,964	$ 409,535	$ 610,735	$ 4,471	$ 24,635	$ 104,285	$ 16,260

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2008

	Special Projects Fund	Animal Control Spay Neuter	RI DOH Alcohol Grant	CDBG Grant Funds	Inspection Fees	Senior Center	Capital Reserve	Land Trust
REVENUES								
Interest on Investments	$ 12,684	$ 8	$ -	$ -	$ 449	$ -	$ 3,750	$ 183
Intergovernmental revenue	116,969	-	3,846	46,617	12,000	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenues	129,653	8	3,846	46,617	12,449	-	3,750	183
EXPENDITURES:								
General government	-	-	-	-	54,590	-	-	-
Public safety	-	-	3,846	-	-	-	-	-
Community development	-	-	-	46,617	-	-	-	-
Capital:								
Capital outlay	235,744	-	-	-	-	-	-	-
Total Expenditures	235,744	-	3,846	46,617	54,590	-	-	-
Excess of revenues over (under) expenditures before other financing sources (uses)	(106,091)	8	-	-	(42,141)	-	3,750	183
Other Financing Sources (uses)								
Operating transfers in	17,000	-	-	-	-	-	-	-
Operating transfers out	(17,000)	-	-	-	-	-	(300,000)	(26,448)
Total other financing sources	-	-	-	-	-	-	(300,000)	(26,448)
Excess of revenues and other sources over (under) expenditures and other uses	(106,091)	8	-	-	(42,141)	-	(296,250)	(26,265)
FUND BALANCE - beginning	467,446	3,035	-	-	238,140	106,451	635,127	520,472
FUND BALANCE - ending	$ 361,355	$ 3,043	$ -	$ -	$ 195,999	$ 106,451	$ 338,877	$ 494,207

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended June 30, 2008

	Historical Records	RI DOH Tobacco Grant	EMA-EOP	Police Christmas Fund	Document Preservation & Tech Upgrades	Police Confiscated Funds	EMA-Radio	Senior Center
REVENUES								
Interest on Investments	$ 14	$ -	$ -	$ -	$ 234	$ -	$ 24	$ -
Intergovernmental revenue	-	2,000	-	-	-	-	392	-
Other	-	-	-	-	-	-	-	-
Total Revenues	14	2,000	-	-	234	-	416	-
EXPENDITURES:								
General government	-	-	-	-	9,500	-	-	-
Public safety	-	2,000	-	-	-	-	392	-
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	2,000	-	-	9,500	-	392	-
Excess of revenues over (under) expenditures before other financing sources (uses)	14	-	-	-	(9,266)	-	24	-
Other Financing Sources (uses)								
Operating transfers in	6,380	-	-	-	17,916	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources	6,380	-	-	-	17,916	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	6,394	-	-	-	8,650	-	24	-
FUND BALANCE - beginning	11,762	-	-	-	114,020	-	5,070	-
FUND BALANCE - ending	$ 18,156	$ -	$ -	$ -	$ 122,670	$ -	$ 5,094	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2008

	Revolving Loan Fund	Byrne Grant	Bulletproof Vest Grant	RIDOT Click It or Ticket	Operation Blue Riptide	Kennedy Grant	Homeland Security Grant III	RI DOT Passenger Safety
REVENUES								
Interest on Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenue	-	29,641	1,220	1,468	15,790	11,196	76,597	4,059
Other	131	-	-	-	-	-	-	-
Total Revenues	131	29,641	1,220	1,468	15,790	11,196	76,597	4,059
EXPENDITURES:								
General government	-	-	-	-	-	-	-	-
Public safety	-	29,641	1,220	1,468	15,790	11,196	-	4,059
Community development	-	-	-	-	-	-	-	-
Capital:								
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	29,641	1,220	1,468	15,790	11,196	-	4,059
Excess of revenues over (under) expenditures before other financing sources (uses)	131	-	-	-	-	-	76,597	-
Other Financing Sources (uses)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	(76,597)	-
Total other financing sources	-	-	-	-	-	-	(76,597)	-
Excess of revenues and other sources over (under) expenditures and other uses	131	-	-	-	-	-	-	-
FUND BALANCE - beginning	25,940	-	-	-	-	-	-	-
FUND BALANCE - ending	$ 26,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Special Revenue Restricted Funds - Town
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2008

	Fire Prevention	Senior Center Memorial Donations	Post Employment Escrow	Police Walmart Grant	Town Special Revenue Total
REVENUES					
Interest on Investments	$ 415	$ -	$ 225	$ -	$ 36,659
Intergovernmental revenue	-	-	-	-	321,795
Other	9,165	880	-	625	685,898
Total Revenues	9,580	880	225	625	1,044,352
EXPENDITURES:					
General government	-	-	-	-	65,095
Public safety	7	-	-	625	116,423
Community development	-	-	-	-	46,617
Capital:					
Capital outlay	33,696	-	-	-	269,440
Total Expenditures	33,703	-	-	625	497,575
Excess of revenues over (under) expenditures before other financing sources (uses)	(24,123)	880	225	-	546,777
Other Financing Sources (uses)					
Operating transfers in	60,291	-	450,000	-	928,771
Operating transfers out	(79,257)	-	-	-	(1,192,593)
Total other financing sources	(18,966)	-	450,000	-	(263,822)
Excess of revenues and other sources over (under) expenditures and other uses	(43,089)	880	450,225	-	282,955
FUND BALANCE - beginning	40,272	-	-	-	3,418,141
FUND BALANCE - ending	$ (2,817)	$ 880	$ 450,225	$ -	$ 3,701,096

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2008

	Highway Resurfacing	Building Maintenance	Woods Plat Special Drainage	Handicap Accessibility	Senior Center	Highway Drainage	Sewer Contingency
ASSETS							
Cash and cash equivalents	$ 38,000	$ 12,078	$ 3,418	$ 10,745	$ 63,244	$ 29,434	$ 3,250
Internal balances	-	-	209,974	-	-	72,000	-
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	$ 38,000	$ 12,078	$ 213,392	$ 10,745	$ 63,244	$ 101,434	$ 3,250
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ 18,937	$ -	$ -	$ -	$ -
Internal balances	38,000	-	359,793	-	130,451	29,434	3,250
Total liabilities	38,000	-	378,730	-	130,451	29,434	3,250
Fund balances -							
Unreserved	-	12,078	(165,338)	10,745	(67,207)	72,000	-
Total fund balances (deficit)	-	12,078	(165,338)	10,745	(67,207)	72,000	-
Total liabilities and fund balances	$ 38,000	$ 12,078	$ 213,392	$ 10,745	$ 63,244	$ 101,434	$ 3,250

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2008

	Green Acres Acquisition Fund	Police Equipment	Impact Fees	Highway Capital Improvements	State Sewer Projects	Open Space and Recreation Area	Drainage
ASSETS							
Cash and cash equivalents	$ 95,786	$ 143,080	$ 411,432	$ 3,090	$ 5,746	$ 4,471	$ 3,857
Internal balances	-	10,979	164,963	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	$ 95,786	$ 154,059	$ 576,395	$ 3,090	$ 5,746	$ 4,471	$ 3,857
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Internal balances	-	-	-	3,090	5,746	-	3,857
Total liabilities	-	-	-	3,090	5,746	-	3,857
Fund balances -							
Unreserved	95,786	154,059	576,395	-	-	4,471	-
Total fund balances (deficit)	95,786	154,059	576,395	-	-	4,471	-
Total liabilities and fund balances	$ 95,786	$ 154,059	$ 576,395	$ 3,090	$ 5,746	$ 4,471	$ 3,857

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2008

	Deerfield Park	Smithfield Historic Landmark	Middle School Additions	Water District Improvement Fee	Deerfield Park Addition	Senior Center Addition	High School Addition
ASSETS							
Cash and cash equivalents	$ -	$ 878	$ -	$ 18,646	$ -	$ -	$ -
Internal balances	24,000	-	5,124	-	-	-	98,720
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	$ 24,000	$ 878	$ 5,124	$ 18,646	$ -	$ -	$ 98,720
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ 2,091	$ -	$ -
Internal balances	-	-	-	-	235,335	536,372	-
Total liabilities	-	-	-	-	237,426	536,372	-
Fund balances -							
Unreserved	24,000	878	5,124	18,646	(237,426)	(536,372)	98,720
Total fund balances (deficit)	24,000	878	5,124	18,646	(237,426)	(536,372)	98,720
Total liabilities and fund balances	$ 24,000	$ 878	$ 5,124	$ 18,646	$ -	$ -	$ 98,720

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2008

	Fire Department Headquarters	Wastewater Facility Improvements	Salt Barn Property	Apple Valley Road Connector	Road Resurfacing	Deerfield Park Wetlands Creation	Library Bond
ASSETS							
Cash and cash equivalents	$ -	$ 557	$ -	$ -	$ -	$ -	$ -
Internal balances	2,190,820	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	142,455	-
Total assets	$ 2,190,820	$ 557	$ -	-	-	142,455	$ -
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ 83,968	$ 141,970	$ -
Internal balances	-	557	4,200	2,480	1,852,426	485	1,843
Total liabilities	-	557	4,200	2,480	1,936,394	142,455	1,843
Fund balances -							
Unreserved	2,190,820	-	(4,200)	(2,480)	(1,936,394)	-	(1,843)
Total fund balances (deficit)	2,190,820	-	(4,200)	(2,480)	(1,936,394)	-	(1,843)
Total liabilities and fund balances	$ 2,190,820	$ 557	$ -	-	-	142,455	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2008

	Land Acquisition Fund	Totals
ASSETS		
Cash and cash equivalents	$ -	$ 847,712
Internal balances	-	2,776,580
Intergovernmental receivables	-	142,455
Total assets	$ -	$ 3,766,747
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ -	$ 246,966
Internal balances	740,181	3,947,500
Total liabilities	740,181	4,194,466
Fund balances -		
Unreserved	(740,181)	(427,719)
Total fund balances (deficit)	(740,181)	(427,719)
Total liabilities and fund balances	$ -	$ 3,766,747

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Highway Resurfacing	Building Maintenance	Woods Plat Special Drainage	Handicap Accessibility	Senior Center	Highway Drainage	Sewer Contingency
Revenues							
Interest on Investments	$ 123	$ 27	$ 7	$ 23	$ 293	$ 95	$ 7
Intergovernmental revenue	-	-	-	-	-	72,000	-
Other	-	-	-	-	300	-	-
Total revenues	123	27	7	23	593	72,095	7
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	378,730	-	-	-	-
Total expenditures	-	-	378,730	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before other financing source	123	27	(378,723)	23	593	72,095	7
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	209,974	-	-	-	-
Transfers (to) other funds	(38,000)	-	-	-	(81,510)	(29,434)	(3,250)
Total other financing sources (uses)	(38,000)	-	209,974	-	(81,510)	(29,434)	(3,250)
Excess of revenues and other sources over (under) expenditures	(37,877)	27	(168,749)	23	(80,917)	42,661	(3,243)
FUND BALANCE - beginning	37,877	12,051	3,411	10,722	13,710	29,339	3,243
FUND BALANCE - ending	$ -	$ 12,078	$ (165,338)	$ 10,745	$ (67,207)	$ 72,000	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Green Acres Acquisition Fund	Police Equipment	Impact Fees	Highway Capital Improvements	State Sewer Projects	Open Space and Recreation Area	Drainage
Revenues							
Interest on Investments	$ 128	$ 141	$ 3,405	$ 3	$ 13	$ 7	$ 7
Intergovernmental revenue	-	139,069	-	-	-	-	-
Other	-	-	-	1,016	-	-	-
Total revenues	128	139,210	3,405	1,019	13	7	7
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures before other financing source	128	139,210	3,405	1,019	13	7	7
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	147,817	-	-	-	-
Transfers (to) other funds	-	(167,575)	(35,000)	(3,090)	(5,746)	-	(3,857)
Total other financing sources (uses)	-	(167,575)	112,817	(3,090)	(5,746)	-	(3,857)
Excess of revenues and other sources over (under) expenditures	128	(28,365)	116,222	(2,071)	(5,733)	7	(3,850)
FUND BALANCE - beginning	95,658	182,424	460,173	2,071	5,733	4,464	3,850
FUND BALANCE - ending	$ 95,786	$ 154,059	$ 576,395	$ -	$ -	$ 4,471	$ -

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes In Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Deerfield Park	Smithfield Historic Landmark	Middle School Additions	Water District Improvement Fee	Deerfield Park Addition	Senior Center Addition	High School Addition
Revenues							
Interest on Investments	$ -	$ 1	$ -	$ 39	$ -	$ -	$ -
Intergovernmental revenue	183,809	-	-	-	-	-	-
Other	-	-	-	-	-	1,657	-
Total revenues	183,809	1	-	39	-	1,657	-
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	-	-	-	-	3,209	-
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	6,241	-	-
Total expenditures	-	-	-	-	6,241	3,209	-
Excess (deficiency) of revenues over (under) expenditures before other financing source	183,809	1	-	39	(6,241)	(1,552)	-
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess of revenues and other sources over (under) expenditures	183,809	1	-	39	(6,241)	(1,552)	-
FUND BALANCE - beginning	(159,809)	877	5,124	18,607	(231,185)	(534,820)	98,720
FUND BALANCE - ending	$ 24,000	$ 878	$ 5,124	$ 18,646	$ (237,426)	$ (536,372)	$ 98,720

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes In Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Fire Department Headquarters	Wastewater Facility Improvements	Salt Barn Property	Apple Valley Road Connector	Road Resurfacing	Deerfield Park Wetlands Creation	Library Bond
Revenues							
Interest on Investments	$ -	$ 5,477	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenue	-	-	-	-	-	143,705	-
Other	-	-	-	-	-	-	-
Total revenues	-	5,477	-	-	-	143,705	-
Expenditures							
Education	-	-	-	-	-	-	-
Public works	-	6,318	4,200	2,480	-	-	1,843
Debt service	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	1,886,394	143,705	-
Total expenditures	-	6,318	4,200	2,480	1,886,394	143,705	1,843
Excess (deficiency) of revenues over (under) expenditures before other financing source	-	(841)	(4,200)	(2,480)	(1,886,394)	-	(1,843)
Other financing sources (uses)							
Proceeds from debt	-	-	-	-	-	-	-
Transfers from other funds	-	27,595	-	-	-	-	-
Transfers (to) other funds	-	-	-	-	(50,000)	-	-
Total other financing sources (uses)	-	27,595	-	-	(50,000)	-	-
Excess of revenues and other sources over (under) expenditures	-	26,754	(4,200)	(2,480)	(1,936,394)	-	(1,843)
FUND BALANCE - beginning	2,190,820	(26,754)	-	-	-	-	-
FUND BALANCE - ending	$ 2,190,820	$ -	$ (4,200)	$ (2,480)	$ (1,936,394)	$ -	$ (1,843)

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Land Acquisition Fund	Totals
Revenues		
Interest on Investments	$ -	$ 9,796
Intergovernmental revenue	-	538,583
Other	-	2,973
Total revenues	-	551,352
Expenditures		
Education	-	-
Public works	-	18,050
Debt service	-	-
Interest expense	-	-
Capital expenditures	740,181	3,155,251
Total expenditures	740,181	3,173,301
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(740,181)	(2,201,613)
Other financing sources (uses)		
Proceeds from debt	-	-
Transfers from other funds	-	385,386
Transfers (to) other funds	-	(417,462)
Total other financing sources (uses)	-	(32,076)
Excess of revenues and other sources over (under) expenditures	(740,181)	(2,654,025)
FUND BALANCE - beginning	-	2,226,306
FUND BALANCE - ending	$ (740,181)	$ (427,719)

(concluded)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Combining Balance Sheet
June 30, 2008

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Totals
ASSETS						
Current Assets						
Cash and cash equivalents	$ 71,568	$ 816,291	$ 60,420	$ 124,447	$ 7,136	$ 1,079,862
Investments	-	-	-	249,146	-	249,146
Receivables, net	15,461	48,358	-	-	-	63,819
Due from other governments	31,915	-	-	-	-	31,915
Total Current Assets	118,944	864,649	60,420	373,593	7,136	1,424,742
Noncurrent Assets						
Asset restricted to investment in building	-	-	-	5,000	-	5,000
Net capital assets	43,065	794,239	447,481	1,472,001	-	2,756,786
Total Noncurrent Assets	43,065	794,239	447,481	1,477,001	-	2,761,786
TOTAL ASSETS	162,009	1,658,888	507,901	1,850,594	7,136	4,186,528
LIABILITIES						
Current Liabilities						
Accounts payable	54,523	24,845	5,435	11,596	1,020	97,419
Accrued payroll	-	-	29,317	23,095	1,517	53,929
Deferred revenue	3,356	2,566	-	-	-	5,922
Internal balances	2,760	55,606	-	-	-	58,366
Accrued liabilities	-	-	-	1,500	-	1,500
Current portion of long-term debt	-	-	-	44,413	-	44,413
Total Current Liabilities	60,639	83,017	34,752	80,604	2,537	261,549
Noncurrent Liabilities						
Long-term debt,net	-	-	-	35,112	-	35,112
Accrued vacation and sick leave	-	39,147	-	-	-	39,147
Total Noncurrent Liabilities	-	39,147	-	35,112	-	74,259
TOTAL LIABILITIES	60,639	122,164	34,752	115,716	2,537	335,808
NET ASSETS						
Invested in capital assets, net of related debt	43,065	794,239	447,481	1,392,476	-	2,677,261
Unrestricted	58,305	742,485	25,668	342,402	4,599	1,173,459
TOTAL NET ASSETS	$ 101,370	$ 1,536,724	$ 473,149	$ 1,734,878	$ 4,599	$ 3,850,720

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
Operating revenues						
Charges for usage and service	$ -	$ 647,891	$ 5,871	$ 32,465	$ 21,128	$ 707,355
Food sales	626,986	-	-	-	-	626,986
Miscellaneous	144,110	-	5,259	15,529	-	164,898
Total operating revenues	771,096	647,891	11,130	47,994	21,128	1,499,239
Operating expenses						
Salaries and benefits	-	215,731	395,456	574,133	24,182	1,209,502
Operations	763,637	303,117	143,146	274,609	19,207	1,503,716
Depreciation and amortization	5,133	81,788	45,440	71,590	-	203,951
Total operating expenses	768,770	600,636	584,042	920,332	43,389	2,917,169
Operating income (loss)	2,326	47,255	(572,912)	(872,338)	(22,261)	(1,417,930)
Non-operating revenues (expenses)						
Town transfer-in	-	-	424,470	676,490	18,870	1,119,830
Interest income	-	22,776	229	13,877	10	36,892
Grants	-	-	126,899	234,143	-	361,042
Interest expense	-	-	-	(2,588)	-	(2,588)
Total non-operating (expenses)	-	22,776	551,598	921,922	18,880	1,515,176
Change in Net Assets	2,326	70,031	(21,314)	49,584	(3,381)	97,246
Total Net Assets - Beginning	99,044	1,466,693	494,463	1,685,294	7,980	3,753,474
Total Net Assets - Ending	$ 101,370	$ 1,536,724	$ 473,149	$ 1,734,878	$ 4,599	$ 3,850,720

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
Cash flows from operating activities						
Cash received from customers	$ 762,916	$ 642,562	$ 5,871	$ 32,465	$ 21,128	$ 1,464,942
Cash received from providing services	(762,535)	-	5,259	15,529	-	(741,747)
Cash payments to suppliers for goods and services	-	(297,847)	(140,225)	(269,524)	(18,658)	(726,254)
Cash payments to employees for services	-	(215,731)	(393,841)	(573,226)	(24,182)	(1,206,980)
Net cash provided by (used for) operating activities	381	128,984	(522,936)	(794,756)	(21,712)	(1,210,039)
Cash flows from non-capital financing activities						
Nonoperating grants received	-	-	126,899	234,143	-	361,042
Operating transfers	-	-	424,470	676,490	18,870	1,119,830
Interfund loans	-	2,527	-	-	-	2,527
Net cash provided by non-capital financing activities	-	2,527	551,369	910,633	18,870	1,483,399
Cash flows from capital and related financing activities						
Principal paid on bonds & notes	-	-	-	(53,161)	-	(53,161)
Additions to capital assets	-	(86,770)	(26,152)	(52,249)	-	(165,171)
Interest paid on long term debt	-	-	-	(2,588)	-	(2,588)
Net cash (used for) capital and related financing activities	-	(86,770)	(26,152)	(107,998)	-	(220,920)
Cash flows from investing activities						
Interest income	-	22,776	229	13,877	10	36,892
Net purchases of investments	-	-	-	3,744	-	3,744
Net cash provided by investing activities	-	22,776	229	17,621	10	40,636
Net increase (decrease) in cash and cash equivalents	381	67,517	2,510	25,500	(2,832)	93,076
Cash and cash equivalents at beginning of year	71,187	748,774	57,910	98,947	9,968	986,786
Cash, (cash overdrafts recorded as payables) and cash equivalents at end of year	$ 71,568	$ 816,291	$ 60,420	$ 124,447	$ 7,136	$ 1,079,862

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
NON-MAJOR PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008
(continued)

	School Lunch	Smithfield Ice Rink	E. Smithfield Public Library	Greenville Public Library	E. Smithfield Neighborhood Center	Total
Reconciliation of operating income to net cash provided by operating activities						
Operating income (Loss)	$ 2,326	$ 47,255	$ (572,912)	$ (872,338)	$ (22,261)	$ (1,417,930)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	5,133	81,788	45,440	71,590	-	203,951
Changes in assets and liabilities:						
(Increase) decrease in inventory	-	4,674	-	-	-	4,674
(Increase) decrease in accounts receivable	(8,180)	(6,500)	-	-	-	(14,680)
(Increase) decrease in prepaid expenses	-	-	-	-	116	116
Increase (decrease) in accounts payable and accrued expense	(1,090)	596	2,921	5,085	433	7,945
Increase (decrease) in accrued expense	-	-	1,615	907	-	2,522
Increase (decrease) in deferred revenue	2,192	1,171	-	-	-	3,363
Total adjustments	(1,945)	81,729	49,976	77,582	549	207,891
Net cash provided by operating activities	$ 381	$ 128,984	$ (522,936)	$ (794,756)	$ (21,712)	$ (1,210,039)

SUPPLEMENTARY INFORMATION
TOWN OF SMITHFIELD, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
PUPIL ACTIVITY FUNDS				
Assets				
Cash	$ 144,720	$ 490,160	$ 491,651	$ 143,229
Total assets	$ 144,720	$ 490,160	$ 491,651	$ 143,229
Liabilities				
Deposits held in custody for others	$ 144,720	$ 490,160	$ 491,651	$ 143,229
Total liabilities	$ 144,720	$ 490,160	$ 491,651	$ 143,229
PROBATE COURT				
Assets				
Cash	$ 121,705	$ 254	$ -	$ 121,959
Total assets	$ 121,705	$ 254	$ -	$ 121,959
Liabilities				
Deposits held in custody for others	$ 121,705	$ 254	$ -	$ 121,959
Total liabilities	$ 121,705	$ 254	$ -	$ 121,959
STREET LIGHTING				
Assets				
Cash	$ 20,291	$ 32	$ -	$ 20,323
Total assets	$ 20,291	$ 32	$ -	$ 20,323
Liabilities				
Deposits held in custody for others	$ 20,287	$ -	$ -	$ 20,287
Internal balances	4	32	-	36
Total liabilities	$ 20,291	$ 32	$ -	$ 20,323
SOIL EROSION				
Assets				
Cash	$ 299,058	$ 51,776	$ -	$ 350,834
Total assets	$ 299,058	$ 51,776	$ -	$ 350,834
Liabilities				
Deposits held in custody for others	$ 299,058	$ 51,776	$ -	$ 350,834
Total liabilities	$ 299,058	$ 51,776	$ -	$ 350,834
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 585,774	$ 542,222	$ 491,651	$ 636,345
Total assets	$ 585,774	$ 542,222	$ 491,651	$ 636,345
Liabilities				
Deposits held in custody for others	$ 585,770	$ 542,190	$ 491,651	$ 636,309
Internal balances	4	32	-	36
Total liabilities	$ 585,774	$ 542,222	$ 491,651	$ 636,345

TOWN OF SMITHFIELD, RHODE ISLAND
Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2008

Fiscal Year End	Balance July 1, 2007	Current Year Assessment	Additions	Refunds and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2008
2008	$ -	$ 41,966,249	$ 88,461	$ 30,529	$ 75,373	$ 42,009,866	$ 37,695,609	$ 4,314,257
2007	4,012,077	-	608	13,752	14,343	4,012,095	3,819,502	192,592
2006	204,878	-	254		614	204,517	71,369	133,149
2005	166,264	-	-	850	251	166,863	17,153	149,710
2004	213,254	-	-	-	-	213,254	12,932	200,322
2003	264,811	-	260	-	260	264,811	7,923	256,888
2002	190,115	-	22	-	22	190,115	4,111	186,005
2001	156,620	-	255	-	474	156,401	2,984	153,416
2000	141,475	-	-	2	95	141,382	1,236	140,146
1999 & Prior	78,000	-	-	-	-	78,000	-	78,000
Totals	$ 5,427,495	$ 41,966,249	$ 89,861	$ 45,132	$ 91,433	$ 47,437,304	$ 41,632,818	$ 5,804,486

Schedule of most recent net assessed property value by category as of December 31, 2006:

Description of Property	Valuations	Levy - Net
Real property	$ 2,687,724,190	$ 34,312,788
Motor vehicles	169,597,719	3,635,107
Personal property	119,130,480	4,018,354
Other	-	-
Total	2,976,452,389	41,966,249
Exemptions	93,330,302	-
Net assessed value	$ 2,883,122,087	41,966,249
Current year assessment		$ 41,966,249

Reconciliation of current year property tax revenue:

Current year collections	$ 41,632,818
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2008	2,869,288
Cash on hand for deposits	680,646
Prior year revenue received in current year	(2,651,048)
Adjustments, refunds, liens and interest	19,863
Current year property tax revenue	$ 42,551,567

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Long-term Liabilities - Primary Government
For the Fiscal Year Ended June 30, 2008

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding July 1, 2007	Additions	Maturities During Year	Outstanding June 30, 2008	Interest Paid	Due within one year
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds Payable										
Capital Improvement Bond 1992	11/2/1992	5.27%	4/15/2008	$ 1,400,000	$ 75,000	$ -	$ 75,000	$ -	$ 2,250	-
Capital Improvement Bond 1997	6/15/1997	4.55-6.5%	4/15/2016	9,160,000	3,860,000	-	530,000	3,330,000	193,908	530,000
Capital Improvement Bond 2003	6/25/2003	2.5-5.0%	10/15/2024	8,600,000	7,310,000	-	430,000	6,880,000	263,375	430,000
Total general obligation bonds payable				19,160,000	11,245,000	-	1,035,000	10,210,000	459,533	960,000
Loans Payable										
Lease Participation Certificate	3/12/2003	various	11/15/2012	7,350,000	4,605,000	-	705,000	3,900,000	167,275	725,000
Total governmental funds bonds & loans payable				26,510,000	15,850,000	-	1,740,000	14,110,000	626,808	1,685,000
Capital Leases Payable										
Equipment Leases					420,521	-	104,627	315,894	18,467	87,336
Total governmental funds bonds, loans & leases payable					16,270,521	-	1,844,627	14,425,894	645,275	1,772,336
BUSINESS-TYPE ACTIVITIES										
Notes Payable										
US Farmers Home Administration	9/12/1990	7.125%	9/12/2007	700,000	21,719	-	21,719	-	1,501	-
Clean Water	12/12/2007	1.492%	9/1/2022	850,000	-	850,000	-	850,000	2,780	49,000
Town of Smithfield	9/12/1991	3.637%	9/12/2010	260,000	110,967	-	31,442	79,525	2,466	79,194
Total notes payable				$ 1,810,000	132,686	850,000	53,161	929,525	6,747	128,194
Total bonds and notes payable					15,982,686	850,000	1,793,161	15,039,525	633,555	1,813,194
Accrued expenses										
Net pension obligation					392,194	1,049,092	-	1,441,286	-	-
Accrued compensated absences					3,266,141	35,170	-	3,301,311	-	-
Total accrued expenses					3,658,335	1,084,262	-	4,742,597	-	-
Total long term liabilities					$ 19,641,021	$1,934,262	$ 1,793,161	$ 19,782,122	$633,555	$ 1,813,194

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - General Fund
For the Fiscal Year Ended June 30, 2008

Fiscal Year Ended June 30,	Percentage of Maturity	Principal	Interest	Total Debt Service
2009	5.88%	830,000	236,813	1,066,813
2010	11.76%	830,000	201,100	1,031,100
2011	17.65%	830,000	164,550	994,550
2012	20.69%	430,000	132,225	562,225
2013	23.74%	430,000	115,025	545,025
2014	26.79%	430,000	97,825	527,825
2015	29.84%	430,000	80,625	510,625
2016	32.88%	430,000	63,156	493,156
2017	35.93%	430,000	45,419	475,419
2017-24	100.00%	9,040,000	2,208,667	11,248,667
		$ 14,110,000	**$ 3,345,405**	**$ 17,455,405**

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Debt Service Requirements
To Maturity - Proprietary Funds
For the Fiscal Year Ended June 30, 2008

Fiscal Year Ended June 30,	Percentage of Maturity	Principal	Interest	Total Debt Service
2009	10.05%	93,413	19,231	112,644
2010	19.21%	85,112	15,581	100,693
2011	24.69%	51,000	14,661	65,661
2012	30.29%	52,000	13,712	65,712
2013	35.99%	53,000	12,729	65,729
2014	41.80%	54,000	11,712	65,712
2015	47.72%	55,000	10,660	65,660
2016	53.74%	56,000	9,573	65,573
2017	59.87%	57,000	8,447	65,447
2017-2023	100.00%	373,000	24,463	397,463
		$ 929,525	$ 140,769	$ 1,070,294

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental Activities					
Invested in capital assets, net of related debt	$ 19,460,357	$ 15,714,930	$ 11,847,660	$ 10,481,689	$ 9,283,598
Restricted	6,907,769	6,159,108	3,943,034	7,497,123	8,331,876
Unrestricted	4,956,251	7,690,795	8,064,521	6,450,626	7,554,625
Total governmental activities net assets	$ 31,324,377	$ 29,564,833	$ 23,855,215	$ 24,429,438	$ 25,170,099
Business-type activities					
Invested in capital assets, net of related debt	$ 17,449,695	$ 18,745,736	$ 19,462,765	$ 16,282,443	$ 14,095,661
Unrestricted	7,166,588	6,352,272	6,033,377	5,286,771	4,742,358
Total business-type activities net assets	$ 24,616,283	$ 25,098,008	$ 25,496,142	$ 21,569,214	$ 18,838,019
Primary government					
Invested in capital assets, net of related debt	$ 36,910,052	$ 34,460,666	$ 31,310,425	$ 26,764,132	$ 23,379,259
Restricted	6,907,769	6,159,108	3,943,034	7,497,123	8,331,876
Unrestricted	12,122,839	14,043,067	14,097,898	11,737,397	12,296,983
Total primary government net assets	$ 55,940,660	$ 54,662,841	$ 49,351,357	$ 45,998,652	$ 44,008,118

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

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

	Fiscal Year				
	2008	2007	2006	2005	2004
Expenses					
Governmental activities:					
General government	$ 3,418,361	$ 2,441,754	$ 2,754,935	$ 2,416,005	$ 2,477,033
Public safety	9,194,453	8,734,533	8,593,527	7,585,295	7,755,503
Public works	3,707,364	3,776,856	3,939,646	3,973,204	3,423,977
Education	32,980,815	31,981,580	29,756,361	27,507,323	25,945,633
Recreation	464,342	448,708	332,377	357,994	473,132
Public health and assistance	39,070	38,849	38,811	38,712	38,100
Community development	46,617	50,686	31,182	123,516	29,835
Other	7,809,494	6,788,619	6,668,165	7,054,668	5,749,149
Interest	655,052	607,413	718,819	794,182	890,253
Total governmental activities expenses	58,315,568	54,868,998	52,833,823	49,850,899	46,782,615
Business-type activities:					
Sewer fund	2,277,808	2,376,756	2,251,112	1,922,068	2,010,078
Water Supply Board	1,052,921	940,214	770,658	728,222	789,363
Non-Major Funds	2,919,757	2,879,294	2,659,385	2,578,945	2,401,438
Total business-type activities expenses	6,250,486	6,196,264	5,681,155	5,229,235	5,200,879
Total primary government expenses	$ 64,566,054	$ 61,065,262	$ 58,514,978	$ 55,080,134	$ 51,983,494
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,371,289	$ 1,792,087	$ 1,539,128	$ 1,440,426	$ 1,510,073
Public safety	755,979	866,113	727,656	513,218	593,256
Education	-	327,020	350,655	425,814	430,249
Other activities	16,420	448	492	-	-
Operating grants and contributions	11,074,157	9,505,923	9,003,676	8,818,307	8,546,776
Capital grants and contributions	-	727,546	700,344	145,230	146,091
Total governmental activities program revenues	13,217,845	13,219,137	12,321,951	11,342,995	11,226,445
Business-type activities:					
Charges for services:					
Sewer fund	2,335,381	2,444,586	2,439,771	2,305,730	2,336,656
Water Supply Board	1,328,927	1,024,187	1,025,992	801,197	759,027
Non-Major Funds	1,499,239	1,833,318	1,719,335	1,731,322	1,660,854
Operating grants and contributions	361,042	-	-	-	-
Total business-type activities program revenues	5,524,589	5,302,091	5,185,098	4,838,249	4,756,537
Total primary government program revenues	$ 18,742,434	$ 18,521,228	$ 17,507,049	$ 16,181,244	$ 15,982,982
Net (Expense)/Revenue					
Governmental activities	$ (45,097,723)	$ (41,649,861)	$ (40,511,872)	$ (38,507,904)	$ (35,556,170)
Business-type activities	(725,897)	(894,173)	(496,057)	(390,986)	(444,342)
Total primary government net expenses	$ (45,823,620)	$ (42,544,034)	$ (41,007,929)	$ (38,898,890)	$ (36,000,512)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes and other	$ 45,449,278	$ 43,501,514	$ 41,549,207	$ 38,477,384	$ 38,596,955
Grants and contributions not restricted to specific programs					3,256,500
State revenue sharing	1,607,243	1,881,701	1,792,773	1,346,867	1,268,058
Unrestricted investment earnings	547,245	550,834	402,377	271,356	181,552
Other revenues	32,354	-	-	-	-
Transfers	30,065	(176,899)	(4,159,315)	(1,684,220)	397,733
Total general revenues	47,666,185	45,757,150	39,585,042	38,411,387	43,700,798
Business-type activities:					
Unrestricted investment earnings	274,237	319,140	263,670	135,374	75,412
Transfers	(30,065)	176,899	4,159,315	1,684,220	(397,733)
Total business-type activities	244,172	496,039	4,422,985	1,819,594	(322,321)
Total primary government	$ 47,910,357	$ 46,253,189	$ 44,008,027	$ 40,230,981	$ 43,378,477
Change in Net Assets					
Governmental activities	$ 2,568,462	$ 4,107,289	$ (926,830)	$ (96,517)	$ 8,144,628
Business-type activities	(481,725)	(398,134)	3,926,928	1,428,608	(766,663)
Total primary governmental	$ 2,086,737	$ 3,709,155	$ 3,000,098	$ 1,332,091	$ 7,377,965

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

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

	Fiscal Year				
	2008	2007	2006	2005	2004
General Fund					
Reserved	$ 5,945,301	$ 5,245,410	$ 3,777,906	$ 3,219,830	$ 2,385,611
Unreserved					
Designated for next years budget	4,887,774				
Unreserved	3,076,940	7,090,793	6,435,803	4,832,027	5,259,494
Total general fund	13,910,015	12,336,203	10,213,709	8,051,857	7,645,105
All Other Governmental Funds					
Reserved	962,468	913,698	165,128	4,277,293	5,496,265
Unreserved:	616,202	186,796	57,565	116,001	-
Unreserved, reported in:					
Special Revenue Funds	3,701,096	3,535,805	4,042,001	3,980,001	337,926
Capital Projects Funds	(2,874,510)	(220,485)	2,340,506	2,732,700	3,957,550
Total All Other Governmental Funds	2,405,256	4,415,814	6,605,200	11,105,995	9,791,741
Total governmental funds	$ 16,315,271	$ 16,752,017	$ 16,818,909	$ 19,157,852	$ 17,436,846

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

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

	Fiscal Year				
	2008	**2007**	**2006**	**2005**	**2004**
Revenues					
General property tax	$ 46,089,144	$ 43,244,359	$ 40,753,963	$ 38,487,365	$ 36,132,748
Intergovernmental	10,754,099	10,647,869	10,507,554	9,447,575	9,187,777
Licenses, fees, and permits	841,184	1,495,146	1,081,003	1,070,424	1,024,119
Investment Income	830,690	550,834	402,377	271,356	181,552
Departmental	606,653	627,876	818,850	857,153	81,458
Other revenues	2,339,707	2,540,088	1,912,773	1,548,997	2,492,977
Total revenues	61,461,477	59,106,172	55,476,520	51,682,870	49,100,631
Expenditures					
General Government	2,851,217	2,202,635	$ 2,531,717	2,521,855	2,395,357
Public safety	9,002,213	7,900,652	8,119,241	7,324,594	7,518,593
Public works	2,931,036	2,853,597	3,076,619	2,934,086	3,222,301
Education	32,975,348	31,142,113	28,812,232	26,808,027	26,103,001
Public Health and Assistance	39,070	38,849	38,811	38,712	38,100
Parks and recreation	448,579	410,255	306,226	328,358	447,534
Community development	46,617	50,686	31,182	123,516	29,835
Other	7,809,494	6,766,122	6,614,323	7,054,668	5,749,149
Capital outlay	3,424,691	4,686,181	6,141,528	3,500,909	3,309,641
Debt Service	2,406,491	2,417,005	2,752,627	2,869,661	2,527,342
Total expenditures	61,934,756	58,468,095	58,424,506	53,504,386	51,340,853
Excess of revenues over (under) expenditures before other financing sources (uses)	(473,279)	638,077	(2,947,986)	(1,821,516)	(2,240,222)
Other financing sources (uses)					
Issuance of debt	-	-	-	-	8,608,466
Proceeds from leasing	-	71,510	335,000	138,000	-
Transfers in	34,272,688	32,065,961	29,720,658	29,086,908	28,267,737
Transfers out	(34,236,155)	(32,201,510)	(29,799,222)	(29,132,386)	(27,920,004)
Total other financing sources (uses)	36,533	(64,039)	256,436	92,522	8,956,199
Net change in fund balances	(436,746)	574,038	(2,691,550)	(1,728,994)	6,715,977
Debt service as a percentage of noncapital expenditures	4.04%	4.31%	4.94%	5.67%	5.18%

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

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

	Fiscal Year				
	2003	**2002**	**2001**	**2000**	**1999**
Revenues					
General property tax	$ 34,816,220	$ 31,095,444	$ 29,896,617	$ 28,978,635	$ 26,042,568
Intergovernmental	8,504,339	8,563,362	8,308,465	7,933,374	7,234,230
Licenses, fees, and permits	702,697	1,116,900	830,495	454,272	433,777
Investment Income	126,380	182,991	359,303	-	-
Departmental	157,212	448,891	85,624	67,913	49,431
Other revenues	2,020,608	1,187,872	1,152,270	1,754,394	1,588,428
Total revenues	46,327,456	42,595,460	40,632,774	39,188,588	35,348,434
Expenditures					
General Government	2,879,998	1,873,760	1,901,536	1,897,716	1,707,231
Public safety	7,145,315	6,509,075	6,209,586	5,902,273	5,659,132
Public works	2,590,970	2,384,253	2,225,013	1,961,528	1,970,859
Education	25,597,252	23,667,375	22,598,548	21,610,665	20,113,212
Public Health and Assistance	38,265	38,036	38,091	37,981	37,886
Parks and recreation	305,248	291,911	284,582	266,658	279,078
Community development	44,743	-	-	-	-
Other	7,380,494	4,177,707	3,701,528	3,495,355	3,170,006
Capital outlay	3,496,646	677,440	522,842	353,817	1,418,417
Debt Service	1,365,627	1,414,334	1,472,372	1,528,679	1,458,040
Total expenditures	50,844,558	41,033,891	38,954,098	37,054,672	35,813,861
Excess of revenues over (under) expenditures before other financing sources (uses)	(4,517,102)	1,561,569	1,678,676	2,133,916	(465,427)
Other financing sources (uses)					
Issuance of debt	-	-	-	-	-
Proceeds from leasing	8,008,597	-	-	-	-
Transfers in	25,962,429	24,908,353	21,825,751	20,723,885	19,680,711
Transfers out	(26,898,984)	(25,714,278)	(22,538,066)	(21,397,031)	(20,276,074)
Total other financing sources (uses)	7,072,042	(805,925)	(712,315)	(673,146)	(595,363)
Net change in fund balances	2,554,940	755,644	966,361	1,460,770	(1,060,790)
Debt service as a percentage of noncapital expenditures	2.76%	3.57%	3.93%	4.30%	4.24%

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

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

	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Ratio of Total Assessed Value to Total Estimated Actual Value
Fiscal Year	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	
1999	963,858,120	963,858,120	159,888,911	159,888,911	1,123,747,031	1,123,747,031	100.00%
2000	930,302,660	930,302,660	156,946,188	156,946,188	1,087,248,848	1,087,248,848	100.00%
2001	856,797,430	856,797,430	157,760,043	157,760,043	1,014,557,473	1,014,557,473	100.00%
2002	1,182,272,730	1,182,272,730	160,256,789	160,256,789	1,342,529,519	1,342,529,519	100.00%
2003	1,156,272,130	1,156,272,130	201,790,459	201,790,459	1,358,062,589	1,358,062,589	100.00%
2004	1,251,144,353	1,600,133,461	197,282,002	252,311,040	1,448,426,355	1,852,444,501	78.19%
2005	1,971,932,170	2,069,400,955	210,207,465	220,597,613	2,182,139,635	2,289,998,568	95.29%
2006	2,121,542,170	2,434,077,754	218,296,509	250,454,921	2,339,838,679	2,684,532,674	87.16%
2007	2,146,178,830	2,681,047,883	216,760,233	270,781,053	2,362,939,063	2,951,828,936	80.05%
2008	2,687,724,190	2,905,647,773	288,728,199	312,138,594	2,976,452,389	3,217,786,366	92.50%

Notes:

(1) Gross assessments.

TOWN OF SMITHFIELD
Property Tax Rates
(Per $1000 of Assessed Value)
Last Ten Fiscal years
"Unaudited"

Fiscal Year		Municipal	Education	Tax
1999	Real Estate	$ 9.39	$ 11.02	$ 20.41
	Personal Property	$ 17.94	$ 21.06	$ 39.00
2000	Real Estate	$ 10.30	$ 12.10	$ 22.40
	Personal Property	$ 17.94	$ 21.06	$ 39.00
2001	Real Estate	$ 10.08	$ 12.32	$ 22.40
	Personal Property	$ 17.55	$ 21.45	$ 39.00
2002 (1)	Real Estate	$ 8.40	$ 10.26	$ 18.66
	Personal Property	$ 17.55	$ 21.45	$ 39.00
2003	Real Estate	$ 8.86	$ 10.82	$ 19.68
	Personal Property	$ 17.55	$ 21.45	$ 39.00
2004	Real Estate	$ 10.06	$ 11.34	$ 21.40
	Personal Property	$ 18.33	$ 20.67	$ 39.00
2005 (1)	Real Estate	$ 6.70	$ 7.25	$ 13.95
	Personal Property	$ 18.72	$ 20.28	$ 39.00
2006	Real Estate	$ 6.90	$ 7.78	$ 14.68
	Personal Property	$ 18.33	$ 20.67	$ 39.00
2007	Real Estate	$ 7.23	$ 8.17	$ 15.40
	Personal Property	$ 18.33	$ 20.67	$ 39.00
2008 (1)	Real Estate	$ 6.22	$ 7.01	$ 13.23
	Personal Property	$ 18.33	$ 20.67	$ 39.00

Source: Town of Smithfield, Rhode Island tax records
(1) Town wide property statistical revaluation

TOWN OF SMITHFIELD
PRINCIPAL TAXPAYERS
UNAUDITED
JUNE 30, 2008

Taxpayer	Type of Business	(1) Assessed Valuation	Percentage of Total Assessed Valuation
Fidelity Corporate Real Estate	Investment Company	$ 113,222,954	3.80%
W/S Smithfield Associates, LLC	Retail Mall Complex	61,422,400	2.06%
Smithfield Office Park	Office Building Complex	23,538,012	0.79%
Village at Waterman Lake	Retirement Living Center	18,475,800	0.62%
National Grid (Electricity)	Public Utility	17,009,810	0.57%
Target Corp.	Retail Corporation	12,895,000	0.43%
Accessories Associates, Inc.	Manufacturer	11,862,053	0.40%
Citizens Bank of RI	Bank	3,781,510	0.13%
National Grid (Gas)	Public Utility	3,389,270	0.11%
Cox Communications	Telecommunications	3,297,680	0.11%
		$ 268,894,489	9.03%
Total assessed valuation (gross)		$ 2,976,452,389	

(1) Source tax assessors office

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

Fiscal Year	Taxes Levied for the Tax Year	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
1999	25,698,812	22,297,158	86.76%	3,186,034	25,483,192	99.16%
2000	27,827,270	25,166,553	90.44%	2,520,571	27,687,124	99.50%
2001	28,147,971	24,909,188	88.49%	3,087,347	27,996,535	99.46%
2002	29,964,881	25,621,516	85.51%	4,172,516	29,794,032	99.43%
2003	31,801,057	27,462,597	86.36%	4,081,997	31,544,594	99.19%
2004	33,739,654	31,036,315	91.99%	2,503,367	33,539,682	99.41%
2005	35,384,006	33,142,577	93.67%	2,092,700	35,235,277	99.58%
2006	37,721,249	35,204,633	93.33%	2,383,022	37,587,655	99.65%
2007	39,873,408	35,907,818	90.05%	3,777,570	39,685,388	99.53%
2008	41,966,302	37,695,609	89.82%	2,869,288	40,564,897	96.66%

This information is taken from the tax collectors report.

TOWN OF SMITHFIELD
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Total Debt per Personal Income
1999	19,163	1,123,747,031	11,582,663	382,426	11,200,237	1.00%	584.47	*
2000	19,163	1,087,248,848	10,555,483	335,380	10,220,103	0.94%	533.32	*
2001	20,613	1,014,557,473	9,520,000	280,029	9,239,971	0.91%	448.26	*
2002	20,613	1,342,529,519	8,546,292	277,589	8,268,703	0.62%	401.14	*
2003	20,613	1,358,062,589	7,420,000	118,133	7,301,867	0.54%	354.24	*
2004	20,613	1,448,426,355	15,020,000	76,105	14,943,895	1.03%	724.97	*
2005	20,613	2,182,139,635	13,620,000	34,645	13,585,355	0.62%	659.07	*
2006	21,608	2,339,838,679	12,280,000	-	12,280,000	0.52%	568.31	*
2007	21,608	2,362,939,063	11,245,000	-	11,245,000	0.48%	520.41	*
2008	21,608	2,995,352,385	10,210,000	-	10,210,000	0.34%	472.51	*

Notes:

* Data not available at this time

Note: Amounts include only general obligation bonds for all funds. It does not include notes or lease payable for any funds.

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

Legal Debt Margin Calculation for the Fiscal Year 2008

Net Tax Levy	2,883,122,086
Debt Limit (3%)	86,493,663
	-
Legal debt margin	$ 86,493,663

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt Limit	$ 86,493,663	$ 70,385,661	$ 69,692,910	$ 64,768,128	$ 42,864,838	$ 40,199,021	$ 39,927,016	$ 30,335,084	$ 32,284,525	$ 33,389,145
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 86,493,663	$ 70,385,661	$ 69,692,910	$ 64,768,128	$ 42,864,838	$ 40,199,021	$ 39,927,016	$ 30,335,084	$ 32,284,525	$ 33,389,145
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: In 2005 the Town underwent a full property revaluation
Note: In 2002 and 2008 the Town underwent a statistical revaluation.

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Total Assessed to Total Estimated Actual Value
1999	847,171	610,869	1,458,040	34,537,443	4.22%
2000	980,132	548,547	1,528,679	36,141,282	4.23%
2001	918,132	554,240	1,472,372	38,258,979	3.85%
2002	971,268	443,066	1,414,334	42,336,464	3.34%
2003	966,836	398,791	1,365,627	45,866,739	2.98%
2004	1,657,972	869,370	2,527,342	48,159,938	5.25%
2005	2,028,540	841,121	2,869,661	51,058,947	5.62%
2006	1,730,000	625,875	2,355,875	52,474,432	4.49%
2007	1,730,000	692,711	2,422,711	54,631,064	4.43%
2008	1,740,000	626,808	2,366,808	57,914,632	4.09%

Notes:

(1) Includes General, Special Revenue and Capital Project Funds.

TOWN OF SMITHFIELD
PRINCIPAL EMPLOYERS
UNAUDITED
JUNE 30, 2008

Name	Type of Business	Number of Employees
Fidelity Investments	Investment Company	1,700
Town of Smithfield	Municipality	600
Bryant University	Private University	550
Benny's Home & Auto Stores, Inc.	Home and Auto Supplies	500
Citizens Bank of RI	Bank	400
Bacou-Dalloz Eye Protection	Designer and Manufacturer (Personal Protective Equipment)	340
FGX International	Designer and Marketer (Eyewear & Costume Jewelry)	275
The Home Depot	Home Improvement Store	250
The Stop & Shop Company, Inc.	Supermarket	225
Village at Waterman Lake	Retirement Living Center	200
Ferland Corporation	Property Management	160
Target Stores	Department Store	150
Hebert Nursing Home	Nursing Home	140
Cortland Place Life Care	Nursing Home	125
Hart Engineering Company	Engineering and Design	125
Douglas Lumber Corporation	Lumber	118
Precision Tuned Components Corporarion	Screw Machine Parts Manufacturer	108
Kohl's	Department Store	100
Dave's Market	Supermarket	100
Heritage Hills Nursing Center	Nursing Home	100
Spino Brothers	Masonary Contracting	100
Fleet Construction	Construction Company	100

Unemployment rate 6.8%

SMITHFIELD PUBLIC SCHOOLS
Miscellaneous Statistics
June 30, 2008
(Unaudited)

BUILDINGS

Administration	1
Elementary Schools	4
Middle School	1
High School	1
Total	7

STUDENTS

	Elementary	Secondary	Total
2008	1,099	1,500	2,599
2007	1,119	1,490	2,609
2006	1,104	1,521	2,625
2005	1,125	1,534	2,659
2004	1,048	1,567	2,615
2003	1,169	1,534	2,703
2002	1,228	1,459	2,687
2001	1,220	1,484	2,704
2000	1,254	1,481	2,735
1999	1,249	1,508	2,757

Administrative	15.0
Certified Staff:	
Instructional	169.0
ESL	0.5
Special Education	37.8
Other (Librarians, Counselors, Nurses,etc.)	23.0
Total Certified Staff	230.3
Non- Certified Staff	
Secretary and Clerical	20.0
Building and Maintenance	28.0
Teacher Assistants	36.0
Supervisory Aides	0.0
Technicians	2.0
Bus Monitors	0.0
Attendance Officer	1.0
	87.0
Total FTE's	332.3

Data collected from School Department

TOWN OF SMITHFIELD
Miscellaneous Statistics
June 30, 2008
(Unaudited)

Founded:	1636
Town Incorporation:	1730
Type of Government:	Council / appointed Town Manager
Fiscal Year begins:	July 1

Population:

Official US Census	
1950	6,690
1960	9,442
1970	13,468
1980	16,886
1990	19,163
2000	20,613

Area of Town:	27.8	square miles
Land Area:	26.7	square miles

Miles of Streets	
Local Paved	140
State Paved	40
Private Paved	2.5
Elections - November 2006	
Registered Voters	15,359
Number of Votes Cast	9,130
Percentage Voting	59.44%
Fire Protection	
# Fire Stations:	3
Employees :	
Uniformed	49
Civilian(s)	5
Library	
Full Time Employees	9
Part Time Employees	35

Data collected from various Town departments

Police Protection	
Buildings:	1
Employees:	
Law Enforcement	41
Civilian	
Full Time	12
Part Time	6
Crossing Guard	7
Recreation	
Parks	8
Playgrounds	5
Ball Diamonds	14
Soccer/Football Fields	6
Volleyball Courts	0
Skating Arenas	1
Basketball Courts	8
Walking Paths	7
Running Tracks	1
Tennis Courts	7
Historical Cemeteries	116
Municipal Buildings:	
Town Hall	1
Senior Center	1
Public Works Garage	1
Parks & Recreation	2
Other Municipal Employee	59

TOWN OF SMITHFIELD, RHODE ISLAND

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield, Rhode Island as of and for the year fiscal ended June 30, 2008, which collectively comprise the Town of Smithfield, Rhode Island's basic financial statements and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Smithfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Smithfield's financial statements that is more than inconsequential will not be prevented or detected by the Town of Smithfield's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Smithfield's internal control.

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

Compliance and Other Matter

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

We noted certain matters that we reported to the management of the Town of Smithfield, in a separate letter dated December 1, 2008.

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

Parmelee, Poirier & Assoc. LLP

Parmelee, Poirier & Associates, LLP
December 1, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Town of Smithfield, Rhode Island, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Town of Smithfield's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Smithfield's management. Our responsibility is to express an opinion on the Town of Smithfield's compliance based on our audit

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

In our opinion, the Town of Smithfield, Rhode Island, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a

federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Parmelee, Poirier & Assoc LLP

Parmelee, Poirier & Associates, LLP
December 1, 2008

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	N/A	$ 10,940
National School Lunch Program	10.555	N/A	122,514
Special Milk Program for Children	10.556	N/A	1,232
Total U.S. Department of Agriculture			$ 134,686
U.S. Department of Agriculture			
Direct Program:			
Watershed Rehabilitation Program	10.916	WHIP 7211066A361	$ 71,000
Total U.S. Department of Agriculture			$ 71,000
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	06/31/19	46,617
Total U.S. Department of Housing and Urban Development			$ 46,617
U.S. Department of Justice			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	$ 11,196
Passed through the State of Rhode Island Department of Justice			
Bullet Proof Vest Partnership Program	16.607	N/A	1,220
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	29,641
Total U.S. Department of Justice			$ 42,057
U.S. Department of Transportation			
Passed-through the State of Rhode Island Department of Transportation			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	08-00-PT-402	$ 17,258
Total U.S. Department of Transportation			$ 17,258
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
Title I Grants to Local Education Agencies	84.010A	1420-51600-801	$ 197,914
Special Education Cluster:			
Special Education - Grants to States	84.027A	1430-50500-801	593,804
Special Education - Preschool Grants	84.173A	1430-50800-801	18,674
Safe and Drug Free Schools and Communities State Grants	84.186A	1420-52900-801	10,941
State Grants for Innovative Programs	84.298A	1420-51000-801	2,083
Education Technology State Grants	84.318X	1420-53600-801	677
Improving Teacher Quality State Grants	84.367A	1420-54000-801	101,037
Passed-through the State of Rhode Island Department of Education and the Davies Career and Tech Center			
Career and Technical Education - Basic Grants to States	84.048A	8-1440-53200-40-01	9,109
Passed-through the State of Rhode Island Department of Education and the North Providence, RI School Department			
English Language Acquisition Grants	84.365A	1420-54100-801	3,125
Total U.S. Department of Education			$ 937,364
Total Federal Expenditures			$ 1,248,982

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness (es) identified?	____ yes	X no	
Significant deficiency (ies) identified that are not considered to be material weaknesses?	____ yes	X none reported	
Non-compliance material to financial statements noted?	____ yes	X no	

Federal Awards

Internal control over major programs:			
Material weakness (es) identified?	____ yes	X no	
Significant deficiency (ies) identified that are not considered to be material weakness (es)?	____ yes	X none reported	
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133?	____ yes	X no	

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000		
Auditee qualified as low risk auditee?	____ yes	X no	
SECTION II – FINANCIAL STATEMENT FINDINGS	____ yes	X none	
SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS	____ yes	X none	

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

A. Significant Deficiency in Internal Control

None Reported.

B. Compliance

None Reported.

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF SMITHFIELD, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2008

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

A. Findings

2007-1

Condition and Criteria: Management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities.

Cause: A comprehensive study of the Town's infrastructure assets has not been performed.

Effect: The Town's capital assets do not include all infrastructure assets.

2007-2

Condition and Criteria: The Town Council and management are responsible for the effective oversight of the financial reporting process, including the preparation of Town financial statements and related footnote disclosures. During fiscal year 2007, the Town relied upon the external auditors to prepare its financial statements and related footnote disclosures to ensure they were prepare in accordance with generally accepted accounting principles. Therefore, there were no controls in place as of June 30, 2007 to prevent and detect misstatements in the financial reporting process.

Cause: The Town has not obtained a sufficient level of understanding to effectively review its financial statements and related footnote disclosures.

Effect: The Town relied on its independent auditors to prepare its financial statements and related footnote disclosures.

B. Findings and Questioned Costs

2007-3

IDEA – Special Education Cluster – CFDA 84.027 and 84.173

Condition and Criteria: The payroll charges for employees' salaries funded by these grants were not supported by time records.

Effect: The payroll charges are subject to disallowance and are, therefore, considered a questioned cost.

Cause: There are no procedures in place to ensure compliance with this compliance requirement.

Population and items tested: All payroll expenses charged to these grants.

Auditor's Recommendation: Procedures should be established which require the regular reporting by all employees paid by the IDEA grants of the hours allocated to the IDEA program.

Grantee's Response: The Town agrees with the finding. Procedures have been put in place which require submission of bi-weekly time reporting to substantiate the number of hours charged to the IDEA grants.

TOWN OF SMITHFIELD, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2008

1. **General -** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of Smithfield, Rhode Island.

2. **Basis of Accounting -** The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. **Determination of Type A, Type B and Major Programs -** The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of Smithfield, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2008, grants with expenditures exceeding $300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

CFDA #	Program Name
84.027	Special Education - Grants to States
84.173	Special Education – Preschool Grants
84.367	Improving Teacher Quality State Grants