

**Town of Smithfield, RI**  
**Compilation and Analysis of Fiscal Data and Metrics**  
**January 2026**  
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**Important Note**

All baseline data included in this report was sourced from the RI Office of the Auditor General. This analysis was compiled, calculated and written developed by one individual. The spreadsheet analysis required the entry of over 700 data values as well as over 1,500 calculations. Errors in the report and data entry can occur. If any errors are identified, please contact the author. As a professional courtesy, please reference this source if any data or narrative included in this report.

## **NARRATIVE FOR THE ANALYSIS OF MUNICIPALITY DATA AND METRICS**

### Purpose

This purpose of this analysis is to provide a full, complete, and objective document to provide to government leaders, residents, and taxpayers. Ultimately, becomes a “report card” of a government’s fiscal picture. A quantitative analysis removes any political or external influence by providing a “rear view mirror” to what has already been recorded. However, an important facet is to also provide a “windshield” to guide the *fiduciaries* by integrating fiscal policy, budget compilation and operational decisions into the future planning and decisions. On several occasions, previous studies, reports, and analyses have not received the attention that was required. It is hoped that this analysis will improve the decisions in the areas of leadership, governance and quality decision making.

### Data Sources

All data was gathered from credible sources. Most of the data used for the analysis was gathered from the State of Rhode Island, Office of the Auditor General Municipal Financial Trend Report (Fiscal Years 2020-2024) dated November 2025. Other supplementary data was gathered from the State of Rhode Island, U.S. Federal Government, and individual municipalities. In this report, any references to this report will be abbreviated (RI-OAG).

### Introduction

Any objective data analysis requires several components to be useful and accurate for its intended purpose.

1. Data Quality: The data must be accurate, timely and relevant.
2. Metrics: Numbers that are continuous in nature (e.g., sales) are not, by themselves, relevant. Sales need to include both metrics as well as a time value.
  - a. Percentages are great metrics illustrating a change or a ratio between two values.
  - b. Margin: The difference between the selling price and the cost to produce the item; usually expressed as a percentage.  $(\text{Selling Price} - \text{Cost to Produce}) / \text{Cost to Produce}$ .
  - c. Earned Run Average (baseball): Is a calculation consisting of  $(\text{Earned Runs Allowed} \times 9) / \text{Innings Pitched}$ . It is a measure of a pitcher’s effectiveness.
3. Benchmarks: Is a standard or point of reference on which a metric can be compared. A benchmark is an optimal measurement to measure and evaluate a metric.
  - a. Percentages: Comparing quarterly sales during the year. Calculating a percentage change from Qx to Qy, as an increase or decrease. Then, the time value can be integrated into this process. Comparing Q4 (Oct – Dec) to Q3 (Jul – Sep) in retail may not be the best or useful comparison. Therefore, it would be more accurate to compare 2024-Q4 to 2025-Q4. This comparison would eliminate any seasonal issues by comparing Q3 to Q4 while comparing holiday sales (from one year to another).
  - b. Margin: The higher margin percentage equates to the residual value of selling a product that contributes to the fixed cost, overhead and the profit to a business.

- c. ERA: An ERA value of 0 – 2 is considered excellent while 5+ is considered to poor.
4. Analysis: The process of reviewing all items in 1 – 3 in an objective manner considering various business and organizational details.

#### Peer Group Selection for Comparison

All thirty-nine municipalities in the State of Rhode Island were used as the foundation for this analysis. It would be cumbersome to compare Smithfield to the other thirty-eight cities and towns. Therefore, another methodology was needed to form the foundation to compare various data and metrics.

There are many methods and data to compare an entity to a peer group. For this analysis, population was used to create a peer group in comparison to Smithfield. The population values (2020 Census) were compiled for each municipality in the State.

In the thirty-nine cities/towns, Smithfield was rated at 21. Eight town were considered which were directly larger than Smithfield (ranked 17 – 20) and directly lower Smithfield (ranked 22 – 25). However, the initial analysis of the nine towns (including Smithfield) included a challenge that may create a challenge to review the results and compile an analysis.

During the analysis, one of the communities selected (#24) included a structural **fiscal** anomaly which would **directly** affect any peer group analysis. Central Falls. During the analysis of the original data, it was noticed in two analyses a noticeable “gap” in the results. After some research and deeper review, it was found that the State of Rhode Island has control of the Central Falls’ school department. In a review of the OAG’s report, there is no expenditure associated with educational funding in the Central Falls’ section, creating an inaccurate comparison for several analyses.

Therefore, it was decided to remove Central Falls and replace it with the municipality in the next ranking (#26). This municipality was Newport. Therefore, the final peer grouping consists of the following eight municipalities:

- Tiverton, Middletown, Barrington, and Portsmouth (17 – 20).
- Bristol, Lincoln, Westerly and Newport (22 – 24, 26).

### **DETAILED ANALYSIS OF SELECTED MUNICIPALITIES**

#### Analysis of Tax Rates (Residential and Commercial)

To have complete information for the reader, the tax rates for the peer group municipalities have been compiled in Table 1.

#### Analysis of Property Assessment (Residential and Commercial)

However, the residential and commercial assessment proportion associated with several municipalities are substantially different than Smithfield, specifically the residential versus commercial proportion. These municipalities are defined as more “bedroom” communities as compared to Smithfield. Each of these municipalities are defined as peer communities (from population) to Smithfield.

- Bristol Residential (90%), Commercial (8%)
- Barrington Residential (95%), Commercial (4%)
- Portsmouth Residential (90%), Commercial (8%)
- Tiverton Residential (89%), Commercial (9%)
- Westerly Residential (92%), Commercial (7%)

The other municipalities were classified with a residential and commercial ratio closer to Smithfield. The peer group municipalities are identified with an asterisk (\*). These municipalities are:

- \* Lincoln Residential (72%), Commercial (22%)
- \* Middletown Residential (79%), Commercial (19%)
- Johnston Residential (76%), Commercial (20%)
- Woonsocket Residential (74%), Commercial (24%)
- East Providence Residential (73%), Commercial (23%)

A listing of the various property assessment ratios has been compiled into Table 2.

## **ANALYSIS OF FISCAL COMPONENTS**

### **Property Assessment**

A complete narrative discussing the specifics of the property assessment data is compiled in the Table 2 – Analysis of Property Assessment (Residential and Commercial).

### **Ranking**

For the 2025 tax roll, Smithfield ranks in the middle of the peer group (#10) for residential at \$3.36B of total residential property assessments. The commercial and tangible personal property rankings increase higher to be ranked at #10 and #15, respectively. This statistic illustrates that the Town relies more on than about half of the other towns in ranking.

Additional statistics for the residential commercial and tangible personal property (for all municipalities) are as follows:

- The average values are: \$4,447M, \$769M, \$155M. Smithfield's % of average is: 76%, 113%, 80%.
- The median values are: \$3,367M, \$457M, \$101M. Smithfield's % of median is: 100%, 190%, 122%.

Smithfield's percentage of median values for commercial and tangible personal property are higher than the State's middle value for the 19/20<sup>th</sup> ranking municipalities. These statistics relate to the allocation of the Town's levy to the three categories (residential, commercial, and tangible). The Town can modify these allocations during the mandatory reassessment every five years. From the last budget process, the Town's allocation is set to the maximums allowed under State law.

### **Tax Rates**

The information disclosed in this section has been consolidated into Table 2 – Comparison of Peer Group Property Assessment (Residential vs. Commercial). This information was

extracted from the following [source](#). An overview of the tax rates of the thirty-nine municipalities is as follows:

#### Smithfield Ranking

- Residential: 21/39@ \$12.39
- Commercial: 17/39 @ \$18.58

#### Closest Peer Rankings

- Residential: Warwick (20) @\$12.70; Cumberland (22) @\$12.27
- Commercial: East Providence (16) @\$20.69; Gloucester (18) @\$17.11

### Revenue

#### General Discussion

In the peer group, Newport had the highest revenue (\$105.7M) while Tiverton had the lowest revenue (\$47.6M). For the peer group, the percentage changes from YoY (2020-2024) ranged from lowest -3.1% to highest 10.6%. The percentage change for Smithfield ranged from YoY (2020-2024) 0.5% to highest 5.1%.

#### Peer Ranking – Analysis of Revenue (FY2020, FY2024)

- Smithfield: Five fiscal years ranged from \$66.3M -- \$74.0M.
- FY2020: Lincoln (4) @ \$67.7M; Portsmouth (6) @ \$60.7M
- FY2024: Lincoln (4) @ \$80.0M; Portsmouth (6) @ \$69.2M

#### Peer Ranking – Average Revenue FY2020 – FY2024

- Smithfield: \$69,968,095 (ranking 5 of 9).
- Peer Group: Lincoln (4) @ \$74.0M; Portsmouth (6) @ \$65.0M.
- Percentage difference between Smithfield and the nearest ranking municipalities in the peer group: Lincoln (4) @ 5.8%; Portsmouth (6) @ -7.0%.

#### Peer Ranking – Percent Increase (FY2020 to FY2024)

- Smithfield: Ranked 7/9 (11.5%); lowest third in the peer group based on percent increase in five fiscal years.
- Average percent increase: Tiverton: 6.8%; Bristol: 22.8%.
- Average percent increase from FY2020 to FY2024 for all communities 15.2%.
- Smithfield is below the average percentage increase within the peer group (4.0%).

#### Discussion and Thoughts

- The revenue increases have been reasonable as compared to the peer group.
- Smithfield ranks 7 of 9 for revenue per resident with \$3,344 per resident.
- By comparison, Barrington \$4,816 (1) and Bristol \$2,779 (9).
- However, ***it is important to note*** that the assessment makeup of some municipalities is substantially different than Smithfield, specifically the residential versus commercial proportion.
  - Bristol: Residential (90%), Commercial (8%)
  - Barrington: Residential (95%), Commercial (4%)
  - Portsmouth Residential (90%), Commercial (8%)
  - Tiverton Residential (89%), Commercial (9%)

- Westerly Residential (92%), Commercial (7%)
- Smithfield: Residential (77%), Commercial (20%)

### Discussion

As discussed above, there is a disparity between the communities in the peer group specific to the ratio of property assessment categories. Bristol and Barrington are communities that are defined more as “bedroom” communities as compared to Smithfield. For example, Smithfield’s residential assessment is 12% -- 18% lower than five municipalities. Additionally, the commercial assignment is 11% – 16% lower than Smithfield. Again, different composition of the types of properties in each community.

### Expenditures

This analysis calculated the average expenditures over the five-year fiscal years. The average will “flatten” fiscal years with any structural anomalies associated related to municipal spending. Overall five-year percent increase in expenditures is 17.2%.

### Ranking

- Highest Average: Tiverton: \$70.7M; Lowest Average: Westerly: \$21.5M
- Smithfield’s ranking for average expenditures is third highest for the nine peer group communities.
- Smithfield expenditures are \$15.98M higher than Bristol, while \$3.70M less than Westerly.
- Smithfield’s increase in total expenditures from FY2020 to FY2024 was \$10.3M, ranking first for the peer group.

### Percent Change (YoY)

- Lowest YoY Percent Change: -72,749.0% Highest YoY Percent Change: 873.9%.
- There are substantial shifts in percentage change based on current versus previous fiscal years. FY2020 -- FY2024 Lowest Pct Increase: -21.9% Highest Pct Increase: 26.7%. Without more detailed analysis, it would be speculative to determine the wide margin (49%) in expenditure increases.
- Smithfield’s percent increase over the five-year period ranked as the second highest increase (29.0%). The year-over-year increases from FY2021 (to FY2020) to FY2024 were between 1.3% and 12.8%.
- The analysis of the nine communities ranges from 1.0% (Tiverton) through 30.6% (Lincoln). The average five-year increase for all nine communities is 17.2%. Smithfield’s increase is almost double the average.

### Operating Surplus/Deficit

Whether an entity is for profit, non-profit, or government, a consistent operating surplus is important to the business and its stakeholders (investors, residents, businesses, market) is an important metric for continuity as well as reduce the harm during economic or market fluctuations. The fund balance for a government (or non-profit) and retained earnings (for profit businesses) are a “rainy day” fund to avoid a serious financial situation.

Tables 3a and 3b have compiled an analysis of the number of municipalities with a fiscal year surplus or loss. Table 3a compiled all thirty-nine municipalities while 3b includes only the peer group (nine) municipalities.

Net Surplus/Deficit for FY2020 – FY2024

- Eight of the nine peer group municipalities have a net surplus from FY2020 – FY 2024 (between \$2.1 -- #19.3M).
- In the nine peer group communities, the highest surplus: Newport (\$19.4M); lowest surplus/highest deficit: Smithfield (-\$5.1M).
- The sum of the eight municipalities with a net surplus over five years is \$59.6M.

Discussion

Additional context is important to define the structural factors associated with economic and/or societal issues. An analysis of the Surplus/Deficits of the thirty-nine municipalities during the OAG five-year reporting period. Refer to Tables 3a and 3b for the details.

In summary, a significant number of municipalities have realized at least four of the five reporting fiscal years with a net surplus (72%) with almost 30% having a surplus in all five years. For the peer group, 59% of the municipalities realized a surplus throughout the five-year period. More impressively, 82% of the municipalities reported at least four years of operating surplus. Only two municipalities in the State reported only one surplus in the five-year reporting period, with Smithfield as one of those towns.

Fund Balance

As discussed previously, the fund balance for a municipality is an important component to manage its operations over time. Ultimately, to survive through various economic and/or local challenges that are unforeseen (or difficult to plan appropriately).

The fund balance is clearly an issue for the Town of Smithfield. The fund balance is a fiscal component that requires immediate attention for its municipal leaders (Town and School Department).

Several exceptionally reliable metrics are provided by the Government Finance Officers Association associated with a municipal fund balance<sup>1</sup>. They are:

- Minimum Unrestricted Fund Balance: Minimum of two months of the regular general fund operating revenues or expenditures as the minimum value. Two months are 16.7% percent of annual expenditures.
- Component of Fund Balance (GAAP Categories): Five categories: non-spendable, restricted, committed, assigned, and unassigned.
- Formal Fund Balance Policy: Recommend adopting a formal policy that includes Target level, method of replenishing reserves, conditions for use, and reporting requirements.
- GAAP and Budgetary Fund Balance: GFOA stresses that governments must understand the difference between GAAP fund balance and budgetary fund balance and disclose it clearly.

- This is a compliance and transparency metric.

Total Fund Balance Amount for FY2020 – FY2024

- A metric including the relationship to the population of a municipality provides some context for any fiscal value. Obviously, this metric can be affected by the issues discussed earlier, the proportion of property assessments (residential vs. commercial). A “bedroom” municipality will influence this value of the metric. However, it is a rather accurate measure, especially when comparing it to a peer group.
- Ranking by Average Balance FY2020 - FY2024: #1: Barrington, #9: Central Falls
- Ranking by Average % Change FY2020 - FY2024: #1: Central Falls, #9: Smithfield

Total Fund Balance Percent Change YoY for FY2020 – FY2024

- Average % change for peer group 67.6%.
- Percent change for peer group: Highest-303.0%, Lowest--30.3%.

Discussion

The report clearly indicates that the fund balance has declined significantly over the last five fiscal years. The Town's fund balance declined by \$4.57M with a -30.3% percent change. There are many reasons and root causes of the changes to fund balance. There is knowledge that “external factors” effected the fund balance. However, the result remains the same, the Town has reduced their fund balance over the last five years by a significant amount. The following table analyzes the GFOA metric discussed above using total expenditures.

FY2024 Expenditures	Required FB Minimum	Overage in Fund Balance	GFOA Metric	% from GFOA Standard
45,923,273	7,669,187	2,839,370	22.9%	6.2%

Even with the significant change in fund balance over the last five fiscal years, the Town remains above the GFOA metric minimum standard (16.7% of total expenditures), with a 6% “surplus” over the standard.

While the minimum balance and percentage standards are above the GFOA standards, the Town cannot afford to reduce their fund balance; a \$2.8m increase in expenditures would cause the GFOA standard to be compromised. In addition, with an impending bond approval, the fund balance and other financial indicators are factors for any new debt service.

Therefore, the leadership of the Town and School Department must be aware of the budgetary, debt, operational and financial decisions over the next five years. Each of these factors will **directly** affect the fund balance. The oversight of the fiscal processes must be the primary focus for all Town leadership (elected officials, leaders, department managers, and boards/commissions).

Percent of Unrestricted Reserves to General Fund Expenditures

As discussed earlier, the GFOA provides guidance on many governmental fiscal matters. There are several metrics that are important to evaluate the fiscal stability of a municipality. The following table outlines the nine municipalities in the peer group and the number which meets or exceeds the GFOA metric (16.2%):

Municipality	Number of FYs
Middletown	5
Barrington	5
Newport	4
Smithfield	3
Bristol	3
Westerly	3
Portsmouth	1
Tiverton	0
Lincoln	0

The Town of Smithfield fell below the metric benchmark in FY2022 and FY2024.

Per Pupil Expenditures

As with all values in this analysis, the per-pupil expenditures have been extracted from the OAG. The following quote provides some insight into the data values contained in this section (OAG Report, Page 7).

*“Per pupil expenditure amounts contrasted with the Statewide average and school districts of similar size are mean to provide meaningful comparisons for decision makers. See Appendix C on page 109 which details the per pupil expenditure amounts (as reported by the RI Department of Education) for municipalities summarized by district size for compatibility.”*

The range of per-pupil expenditures in the peer group was found to be a significant range. The per pupil cost (5-year average) for the peer group ranged from \$17,762 - \$27,084. The highest per pupil cost was Westerly (\$27,084), while the lowest was Barrington (\$17,762). Smithfield was ranked #8 (\$18,325). The percentage change over five FYs was between 17.5% and 55.2%. Smithfield's percent change was 17.7%.

The state averages provided in the OAG report are simply averages. Averages can provide an inaccurate benchmark for comparison and analysis. In the discussion of education, school districts have a wide variation of funding sources, community needs, population, educational needs, services provided, infrastructure and assessment needs. Those characteristics are not only important, but the year-to-year changes in these needs can also vary significantly. Except for one community, the peer group is rather homogenous. However, the state average is not. Setting aside the current funding, the education and operational components of the City of Woonsocket (as noted above) are widely different

than other school districts. However, the City (and other similar municipalities) are included in the “state average” analysis.

Therefore, comparison to this average is not the best measure which could lead to an inaccurate analysis and discussion.

The meetings, conversations and discussions related to this subject are numerous and lengthy. Education is at the heart of a successful and prosperous society. Sensible people, including the author of this report, believe that appropriate funding is an important component to deliver a quality education along with open, honest, and transparent discussions. Ultimately, there is a balance between adequately funding education (as in any department) and a fiscal fiduciary responsibility.

### Debt

Municipal debt is a legal and fiscal responsibility of the residents and business taxpayers of the municipality. Like a household, excessive and inappropriate debt can negatively impact on the stability of a family, for both the current and future. Like some households, once excessive debt is accepted, any future financial and/or economic trends may cause extreme decisions to reverse the issue. Here are several comments on the debt in Rhode Island municipalities:

- Rhode Island cities and towns collectively hold several billion dollars in long-term obligations, including: General obligation bonds, revenue bonds, capital leases, and pension and OPEB liabilities.
- The RI Public Finance Management Board (PFMB) maintains annual and historical reports on local government and quasi-public debt. The reports show that Rhode Island’s debt profile is stable, but with significant variation between municipalities.
- According to a University of Chicago analysis of municipal bond activity in Rhode Island<sup>2</sup>, many smaller towns have less than \$30 million in total borrowing over the past decade (as of January 2025).

Municipal leaders need to understand debt service appropriately. Five key takeaways are imperative when considering when discussing municipal debt:

- Rhode Island’s municipal debt is moderate statewide, but highly concentrated in a handful of urban communities.
- Most towns borrow infrequently and maintain low per-capita debt.
- State oversight through PFMB and the Division of Municipal Finance provides strong transparency and risk monitoring.
- Recent borrowing has been driven by school construction, infrastructure, and capital reinvestment.

For the peer group, the debt per capita ranges from \$1,559 to \$5,598. The average for the peer group is \$2,801. Smithfield's per capita debt is \$2,506 ranked five. Total debt for the peer group ranges from \$27.2M to \$91.3M; Lowest: Tiverton, Highest: Newport. When reviewing the percentage increase in total debt over five fiscal years, Smithfield ranks #2 with total debt of \$41,929,197 increasing 201% over five years.

The total debt has more than doubled in five years between FY 2020 – 2024. Smithfield ranks in the middle of the report’s municipal peer group. The current debt, by itself, is not concerning. The future decisions are concerning. Several years ago, the voters, including me, approved the bonding of a new fire station. The bond for the new station will add \$4.5m to the Town’s total debt. Using the FY2024 total debt value, the debt per capita will increase from about \$200 to \$2,700. Based on generally accepted debt benchmarks (PFMB, GFOA), our rating will change to “elevated” status (per Table 4). It should be noted that this estimate does not consider debt payments made in FY2025 and FY2026.

It also should be noted that the total debt does not include the pending purchase of the Overbrook property. The \$5.3m reported purchase price will increase the debt to \$66.3m (estimated). The per capita debt value will increase to \$2,900 (estimated) which will maintain our “elevated” debt burden status.

### Debt Service

As debt increases, the debt service will increase exponentially (depending on interest rates and bonding terms). For the peer group, the average debt service ranges from \$2.214M to \$10.421M; Lowest: Portsmouth, Highest: Westerly. Smithfield's average debt service is \$3.39M and ranked eight. For the peer group, the percentage change over five years ranges from -33% to 130%; Lowest: Portsmouth, Highest: Lincoln. Smithfield's percentage increase in debt service over five years is 104% and ranked two. Smithfield's total debt service increased in FY2020 from \$2.31M to FY2024 \$4.71M; increasing by \$2.40M over five years.

As outlined in the previous section, as the total debt increases, the debt service will increase proportionately (depending on interest rates and bond terms).

However, the important point (for the previous and current section) relates to budgetary and fiscal matters. Like a home mortgage, the principal (bond payment) and interesting payments (debt service) must be included in the operating budget, in a similar manner to a mortgage payment being paid through household income. Therefore, any increases will require additional budget funds and, therefore, tax revenue.

Obviously, these budgetary amounts will change over time as earlier debt is paid off.

**These sections are the most important component of this report.** The Town Council and Town leaders must gather sufficient knowledge and appropriate financial reports from management to maintain their fiduciary responsibility to manage the debt borrowed by the Town.

### Bond Rating

#### Why are Bond Ratings Important?

- Credit Worthiness
  - Creditworthiness – A rating is an independent assessment of a municipality’s ability and willingness to repay debt.

- Ratings function like a government's "credit score." Agencies translate complex financial data into a simple symbol (AAA → D) that reflects default risk.
- This helps investors quickly gauge the safety of the bond.
- They Determine Borrowing Costs
  - Higher rating → lower interest rate. Lower rating → higher interest rate.
  - Investors demand higher yields for lower-rated bonds because they carry more risk. Even a one-notch downgrade can increase borrowing costs for decades.
- They Influence Investor Demand
  - High-rated bonds (AAA, AA) attract a broad investor base. Lower-rated bonds (BBB and below) appeal only to risk-tolerant investors and may be harder to sell.
  - This affects how quickly and efficiently a municipality can finance capital projects.
- Reflect Overall Fiscal Health
  - Rating agencies evaluate: Fund balance levels, debt burden, pension/OPEB liabilities, Revenue stability, Management practices. Ultimately, the rating is a holistic indicator of municipal financial strength.
- They Affect Public Perception and Governance
  - A strong rating signals prudent financial management, improves public trust, supports long-term capital planning.
  - A weak rating can trigger state oversight, higher taxes or reduced services, difficulty funding schools, roads, and public safety.

### Current Rating

The two rating agencies that are included in OAG's report are Moodys and Standard & Poors. The Town's rating over the last five years has remained consistent. Moody's rating is AA2 rating while the S&P rating is AA.. For comparison, the peer group ratings for Moody are similar (Aa1, AA2 and a few AA3). However, several communities in the peer group have received an S&P of AAA, the best bond rating. In comparison to the peer groups (that reported a rating), Smithfield is #3 (Moody) and #5 (S&P). Two communities in the peer group have AAA ratings for all five years (Barrington and Portsmouth). Two other communities have AA+ ratings (Bristol and Newport) across all five years.

Barrington has reduced their total debt over five years by \$7m; \$84M to 77M. Barrington has also increased their fund balance by \$7.7M (35%) over five years (\$21.9M to 29.7M). Portsmouth has increased the fund balance by \$2.6M (28%) over five years. Bristol and Newport have realized similar increases to their fund balance, \$4.9M and \$2.0M respectively. The percentage increase over five years is 49% and 215% respectively. Both municipalities have, for whatever decisions and reasons, practiced disciplined fiscal management for their residents and businesses.

Both the Moody and S&P Aa2 grade rating

### Important Thoughts

For Smithfield, the bond rating influences the operating budget by millions of dollars in long-term savings or added costs over borrowing (bonding) horizon.

This subject, like the previous two sections, is a serious and important fiscal subject. Decisions relating to the approval and management of debt **directly affect** long-term fiscal stability, agility, and municipal operation. *For decades and possibly, generations.*

## **SUMMARY**

### Responsibility

Leaders of businesses and governments have fiduciary responsibility. The definition of fiduciary responsibility is:

*A fiduciary responsibility is the legal and ethical duty to act solely in the best interests of another person or entity, always placing their interests above your own. This duty is rooted in trust, loyalty, and good-faith conduct, especially in financial or decision-making roles.*

Many professions have this responsibility including trustees, financial advisors, corporate directors/officers, guardians, and municipal officials. From a practical perspective, this definition means approaching decisions as if they were for your personal life. In monetary terms, as if the funds were yours. In a political context, it is about being an advocate for the municipality or government, not for personal gain or popularity.

### Important Decisions

In Table 6, ten characteristics of an effective municipal leader are outlined. Each of these characteristics is important to internalize and practice. While leaders are human beings, we need to stride to become more efficient and effective every day. As someone once told me, if someone changes themselves 2% a month, you will be one-quarter different in one year. While all are important, seven of the ten characteristics relate to this analysis. This table was placed on a separate page for printing and reference to guide your leadership.

### Personal Thoughts

This entire project required a significant amount of time. As with many people, my time is just as important and limited as anyone. This project was approached because of many reasons. Primarily, to volunteer my time and skills to my “new” hometown. In two years, I will have spent more time in Smithfield than in my hometown (Bristol). Second, there seems to be not only a reluctance, but a purposeful avoidance of data-based decision making, relying on platitudes and qualitative “*information*” to form a decision. While data (and quantitative analysis) is not the entire process, it forms a foundation of rigorous decision-making and effective leadership.

It is my hope that you review the green-shaded thoughts of an effective municipal leader (Table 6). In conclusion, I hope that this document will educate and inspire our municipal and education leaders in the next year, especially during budget season. Thank you for reading!

**TABLES AND EXHIBITS**

City/Town Name	Residential		Commercial	
	Tax Rate	Pct to Smithfield	Tax Rate	Pct to Smithfield
Tiverton	11.33	-8.6%	11.33	-39.0%
Middletown	9.06	-26.9%	13.59	-26.9%
Barrington	15.35	23.9%	15.34	-17.4%
Portsmouth	13.28	7.2%	13.28	-28.5%
Bristol	10.61	-14.4%	10.61	-42.9%
Lincoln	13.52	9.1%	23.99	29.1%
Newport	8.69	-29.9%	10.77	-42.0%
Westerly	7.11	-42.6%	7.11	-61.7%
<b>Smithfield</b>	<b>12.39</b>		<b>18.58</b>	

**Table 1 – Comparison of Peer Group Tax Rates (Residential vs. Commercial)**

City/Town Name	Group	Residential % of Total Assessment	Commercial % of Total Assessment
Bristol	Peer	90%	8%
Barrington	Peer	95%	4%
Portsmouth	Peer	90%	8%
Tiverton	Peer	89%	9%
Westerly	Peer	92%	7%
<b>Smithfield</b>		<b>77%</b>	<b>20%</b>
Lincoln	Peer	72%	22%
Middletown	Peer	79%	19%
Johnston	Comparable	76%	20%
Woonsocket	Comparable	74%	24%
East Providence	Comparable	73%	23%

**Table 2 – Comparison of Peer Group Property Assessment (Residential vs. Commercial)**

Number of Fiscal Years w/ Surplus	Number Surplus	Percent of Total
0	0	0.0%
1	2	1.4%
2	5	7.2%
3	9	19.4%
4	15	43.2%
5	8	28.8%
<b>Total</b>	<b>39</b>	<b>100.0%</b>

**Table 3a – Analysis of RI Municipalities with FY Surplus**

Number of Fiscal Years w/ Surplus	Number Surplus	Percent of Total
1	1	2.9%
2	1	5.9%
3	1	8.8%
4	2	23.5%
5	4	58.8%
<b>Total</b>	<b>9</b>	<b>100.0%</b>

**Table 3b – Analysis of RI Municipalities with FY Surplus (Peer Group)**

Debt Burden	Municipalities	Debt Per Capita Benchmark
Low-Debt	Foster, Glocester, Little Compton, Richmond, Exeter, Hopkinton, West Greenwich, Charlestown, Burrillville, Scituate	\$0 – 1,000
Moderate Debt	North Kingstown, South Kingstown, Cumberland, Lincoln, Smithfield, Middletown, Portsmouth, Bristol, Warren, Tiverton, Narragansett, Jamestown, East Greenwich	\$1,000 – 2,500
Elevated	Cranston, Warwick, East Providence, North Providence, Newport	\$2,500 – 4,000
High	Pawtucket, Woonsocket	\$4,000 – 6,000
Very High	Providence	

(Source: RI PFMB)

**Table 4 – Rhode Island Municipal Debt — Town-by-Town Benchmarking Matrix**

Category	Moody's Rating	Meaning
Highest quality	Aaa	Minimal credit risk
High quality	Aa1, Aa2, Aa3	Very low credit risk
Upper medium grade	A1, A2, A3	Low credit risk
Lower medium grade	Baa1, Baa2, Baa3	Moderate credit risk

**Table 5a – Moody's Ratings**

Category	S&P Rating	Description
Highest quality	AAA	Extremely strong capacity to meet financial commitments
Very strong	AA+, AA, AA-	Very strong capacity, differs slightly from AAA
Strong	A+, A, A-	Strong capacity, but more susceptible to adverse conditions
Adequate	BBB+, BBB, BBB-	Adequate capacity, but adverse conditions could weaken ability

**Table 5b – Standard & Poors's Ratings**

Characteristic	Narrative	Effective and excellent leaders ...
Systems Thinking	Municipal leaders operate in a web of finance, infrastructure, public safety, schools, and community expectations.	<input type="checkbox"/> See how decisions in one area affect others <input type="checkbox"/> Understand long-term consequences <input type="checkbox"/> Build policies that hold up over time
Financial Stewardship	Municipalities rise or fall on fiscal discipline.	<input type="checkbox"/> Maintain healthy reserves <input type="checkbox"/> Manage debt responsibly <input type="checkbox"/> Understand capital planning cycles <input type="checkbox"/> Use data to guide budget decisions
Integrity and Public Trust	Local government is intimate—residents see their leaders at the grocery store.	<input type="checkbox"/> Act transparently <input type="checkbox"/> Avoid conflicts of interest <input type="checkbox"/> Communicate honestly <input type="checkbox"/> Make decisions based on community benefit, not personal or political gain
Ability to Build Coalitions	Municipal success requires alignment across	<input type="checkbox"/> Town councils & school committees <input type="checkbox"/> Unions <input type="checkbox"/> Neighborhood groups <input type="checkbox"/> State agencies <input type="checkbox"/> Business and nonprofit partners
Operational Competence	Municipalities are service organizations.	<input type="checkbox"/> Understand how departments function <input type="checkbox"/> Set clear performance expectations <input type="checkbox"/> Use metrics to track service quality <input type="checkbox"/> Support professional staff
Clear, Consistent Communication	Residents want to understand	<input type="checkbox"/> What is happening? <input type="checkbox"/> Why are decisions made? <input type="checkbox"/> How do changes affect me?
Strategic Patience and Long-Term Vision	Municipal improvements – schools, roads, economic development – take years.	<input type="checkbox"/> Set long-range goals <input type="checkbox"/> Stick to plans through political cycles <input type="checkbox"/> Balance immediate needs with future benefits
Emotional Intelligence	Municipal issues are often personal: taxes, schools, safety, neighborhoods.	<input type="checkbox"/> <b>Listen deeply</b> <input type="checkbox"/> De-escalate conflict <input type="checkbox"/> Show empathy <input type="checkbox"/> Understand community identity and values
Commitment to Fairness and Equity	Municipal leaders must serve everyone – long-time residents, newcomers, businesses, vulnerable populations.	<input type="checkbox"/> Make decisions that are fair and consistent <input type="checkbox"/> Ensure access to services <input type="checkbox"/> Consider impacts across neighborhoods and demographics
Adaptability	Municipalities face constant change – economic shifts, climate pressures, state mandates, demographic trends.	<input type="checkbox"/> Adjust quickly <input type="checkbox"/> Learn continuously <input type="checkbox"/> Embrace innovation when it improves outcomes

**Table 6 – Core Characteristics of Effective Municipal Leaders**

**REFERENCES**

- <sup>1</sup> – GFOA: <https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund>  
<sup>2</sup> – University of Chicago: <https://bpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/8/3495/files/2025/02/RI.pdf>