

Town of Smithfield, Rhode Island

Analysis of Fiscal Analysis (January 2026) – Executive Summary

This document consists of an executive summary of the two documents compiled in January 2026 consisting of both the report and spreadsheet analysis pages. This document provides a clear, structured summary of the fiscal analysis report for the Town of Smithfield, RI. The full documents were provided to the Town’s leadership in January 2026. This summary provides a narrative into the essential findings, trends, and implications while preserving the analytical tone and benchmarking logic used throughout the full report. The full analysis and worksheet report as well as this summary were prepared by Kenneth J. Sousa, PhD.

Summary of the Smithfield, RI Fiscal Data & Metrics Report (FY2020–FY2024)

Purpose & Approach

The report provides an objective, data-driven assessment of Smithfield’s fiscal condition using five years of audited municipal data from the RI Office of the Auditor General (OAG). It serves as both a retrospective (“rear-view mirror”) and a forward-looking guide (“windshield”) for municipal leaders, emphasizing fiduciary responsibility, benchmarking, and evidence-based decision-making.

A peer group of eight municipalities—selected by population and adjusted to remove Central Falls due to structural anomalies—forms the basis for comparison.

Key Findings by Fiscal Component

1. Property Assessment

- Smithfield ranks mid-pack in residential valuation but higher in commercial and tangible property.
- Compared to statewide averages:
 - Residential: 76% of average
 - Commercial: 113% of average
 - Tangible: 80% of average
- Compared to medians:
 - Residential: 100%
 - Commercial: 190%
 - Tangible: 122%
- Smithfield’s tax levy allocation is already at the maximum allowed under state law.

Implication: Smithfield has a stronger commercial base than many peers, but residential valuation growth lags “bedroom communities” like Barrington, Bristol, and Portsmouth.

2. Tax Rates

- Residential tax rate: **21st of 39** (\$12.39)
- Commercial tax rate: **17th of 39** (\$18.58)
- Peer comparisons show Smithfield’s rates are moderate, neither low nor high.

3. Revenue

- Five-year revenue range: **\$66.3M → \$74.0M**
- Average revenue: **\$69.97M**, ranking **5th of 9**.

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- Five-year revenue growth: **11.5%**, ranking **7th of 9** (below peer average of 15.2%).
- Revenue per resident: **\$3,344**, ranking **7th of 9**.

Implication: Revenue growth is steady but slower than peers, partly due to differences in property composition.

4. Expenditures

- Smithfield has the **3rd highest** average expenditures in the peer group.
- Five-year expenditure increase: **29%**, nearly double the peer average (17.2%).
- Smithfield had the **largest dollar increase** in spending among peers (\$10.3M).

Implication: Expenditure growth is a major pressure point and outpaces revenue growth.

5. Operating Surplus/Deficit

- Smithfield is one of only **two municipalities statewide** with just **one surplus year** out of five.
- Net five-year result: **–\$5.1M deficit** (only peer with a negative total).
- Eight of nine peers had cumulative surpluses totaling **\$59.6M**.

Implication: Structural imbalance exists; Smithfield is an outlier in fiscal performance.

6. Fund Balance

- Five-year decline: **–\$4.57M** (–30.3%), the lowest performance in the peer group.
- Still above GFOA minimum (16.7% of expenditures):
 - Smithfield: **22.9%**
 - Margin above minimum: **6.2%**
- However, even a **\$2.8M** expenditure increase would drop the Town below the GFOA threshold.

Implication: Fund balance is fragile; further erosion risks credit rating impacts and reduced fiscal flexibility.

7. Unrestricted Reserves

- Smithfield met the GFOA benchmark in **3 of 5 years**.
- Fell below the benchmark in **FY2022 and FY2024**.

8. Per-Pupil Expenditures

- Smithfield's five-year average: **\$18,325**, ranking **8th of 9**.
- Five-year increase: **17.7%**, near the low end of the peer range.
- Statewide averages are not reliable benchmarks due to wide district variation.

9. Debt

- Total debt increased **201%** over five years (ranked **#2** in peer group).
- FY2024 debt: **\$41.9M**; per capita: **\$2,506** (moderate category).

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- New fire station bond (+\$4.5M) and Overbrook purchase (+\$5.3M) will push per-capita debt to ~\$2,900, entering “elevated” status.

Implication: Debt trajectory is steep; future decisions will significantly affect long-term fiscal health.

10. Debt Service

- Five-year increase: **104%**, ranking **#2**.
- FY2020–FY2024 increase: **\$2.4M**.
- Debt service must be absorbed into the operating budget, increasing pressure on taxes.

11. Bond Rating

- Moody’s: **Aa2**
- S&P: **AA**
- Peers include several AAA communities (Barrington, Portsmouth).
- Peers with AAA ratings also show strong fund balance growth and disciplined debt management.

Implication: Smithfield’s rating is stable but vulnerable if fund balance declines or debt escalates.

Overall Assessment

Smithfield’s fiscal profile shows strength in commercial valuation and moderate tax rates, but significant concerns in:

- Rapid expenditure growth
- Declining fund balance
- Structural operating deficits
- Accelerating debt and debt service
- Below-average revenue growth

The Town remains above minimum GFOA standards but is trending toward risk if corrective action is not taken.

Leadership & Governance Themes

The report closes by emphasizing:

- Fiduciary responsibility
- Data-driven decision-making
- Transparency
- Long-term planning
- Effective municipal leadership characteristics (Table 6)

The author stresses the need for disciplined financial management, especially with upcoming capital decisions.