

**City of Pawtucket,
Rhode Island**



**Basic Financial Statements
And Supplementary Information
Fiscal Year Ended June 30, 2014**

**Including Independent Audit Report of
Certified Public Accountants**

**Donald R. Grebien
Mayor**



**Joanna L'Heureux
Finance Director**

CITY OF PAWTUCKET, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

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CITY OF PAWTUCKET, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

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YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

This section contains the following subsections:

LIST OF CITY OFFICIALS

ORGANIZATIONAL CHART

CITY OF PAWTUCKET, RHODE ISLAND

LIST OF CITY OFFICIALS

JUNE 30, 2014

CITY COUNCIL

David P. Moran, President
Thomas E. Hodge
Jean Philippe Barros
John J. Barry III
Terence Mercer
Timothy Rudd
Lorenzo Tetreault
Albert J. Vitali, Jr.
Mark J. Wildenhain

MAYOR

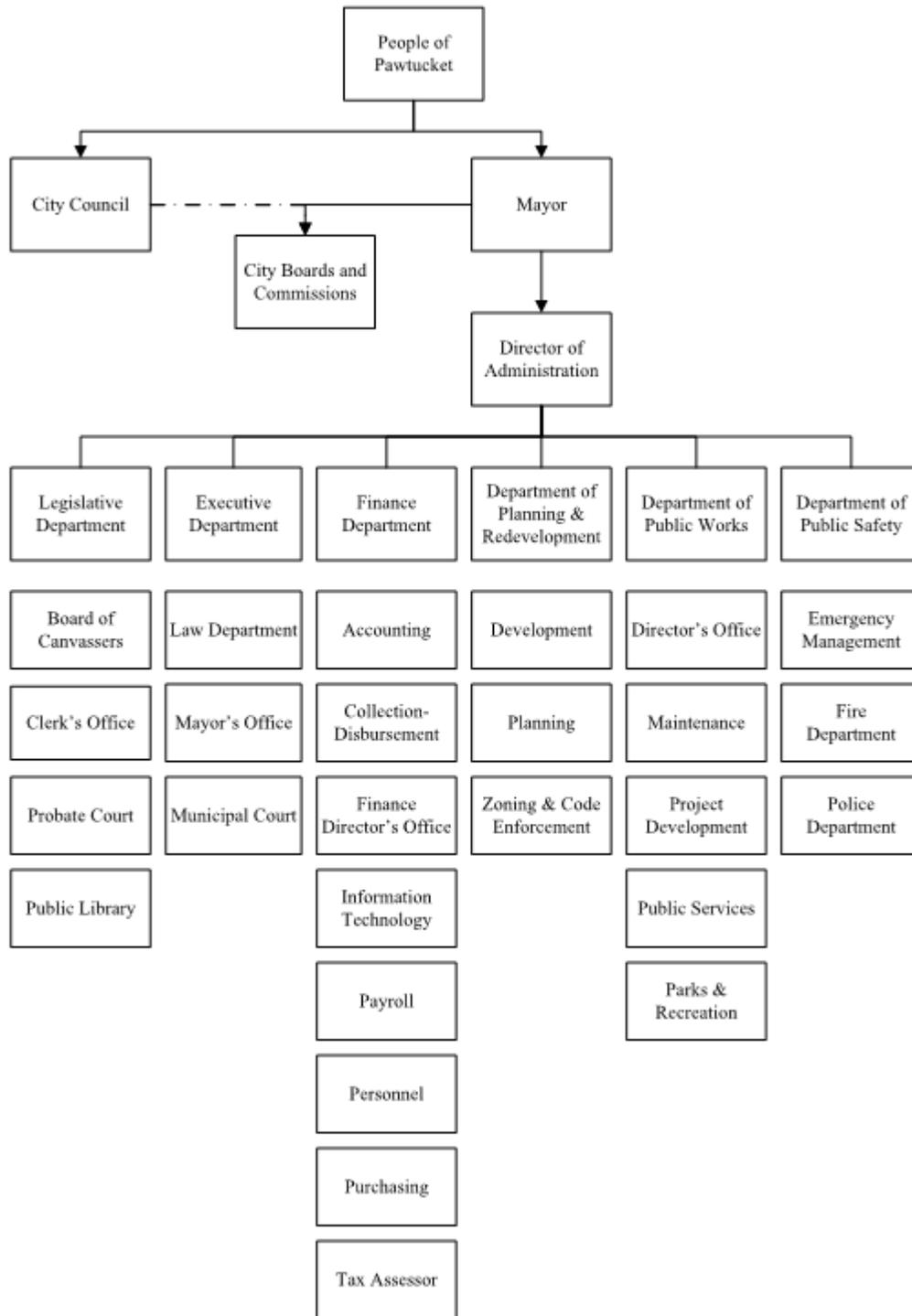
Donald R. Grebien

DIRECTOR OF ADMINISTRATION

Antonio J. Pires

FINANCE DEPARTMENT

Joanna L'Heureux, Finance Director
Jeannine Bourski, Deputy Finance Director
Shaun Strobel, Tax Collector
Robert W. Burns, Tax Assessor
David Clemente, Purchasing Director



FINANCIAL SECTION

This section contains the following subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION



Independent Auditors' Report

The Honorable President and
Members of City Council
City of Pawtucket, Rhode Island
Pawtucket, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pawtucket, Rhode Island (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's discretely presented component unit, the Pawtucket Business Development Corporation (PBDC), which represents less than 3% of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for PBDC, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Independent Auditors' Report (Continued)

The Honorable President and
Members of City Council
City of Pawtucket, Rhode Island

Auditors' Responsibility (Continued)

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pawtucket, Rhode Island as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, the City adopted new accounting guidance affecting the accounting for bond issuance costs and the reporting of deferred inflows and outflows of resources. Due to the adoption of this guidance, the City restated its 2013 financial statements, resulting in a decrease in net position of \$2,526,924 at July 1, 2013. The City also adopted new accounting guidance requiring additional disclosures regarding certain pension plans. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 18 and budgetary comparison schedules and historical pension and other postemployment benefits information on pages 84 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditors' Report (Continued)

The Honorable President and
Members of City Council
City of Pawtucket, Rhode Island

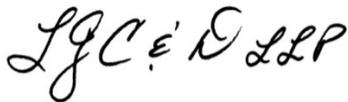
Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information and statistical section as listed in the table of contents and the schedule of expenditures of federal awards and notes thereto are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and statistical section as listed in the table of contents and the schedule of expenditures of federal awards and notes thereto are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to in this paragraph is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 in considering the City's internal control over financial reporting and compliance.



Providence, Rhode Island
January 7, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Pawtucket, Rhode Island's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014 (FY14). This discussion and analysis should be read in conjunction with the City's financial statements that follow this section.

Financial Highlights

- The City's government-wide net position decreased by \$524,136 as a result of this year's operations. On a government-wide basis, the City's assets and deferred outflows exceeded its liabilities at the close of the most recent fiscal year by \$23,660,108. The net position of the business-type activities increased by \$3,283,111, or 4%, while net position of the governmental activities decreased by \$3,807,247, or 7%. It should be noted the majority of this decrease is due to the current period increase in the amount of \$4,958,720 in the other postemployment benefits liability and the increase in the amount of \$2,031,433 in the net pension obligation.
- The City's government-wide operating expenses were \$235,702,440, a 3% increase from the prior year, while revenues collected were \$235,178,304, a 2% increase from the prior year.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,366,338.
- At the end of the current fiscal year, the general fund unassigned fund balance was \$10,743,862, or 14% of the total general fund expenditures for the fiscal year. The current fiscal year's general fund revenues and transfers in exceeded expenditures and transfers out by \$4,820,899. On a budgetary basis, the general fund revenues and transfers in exceeded expenditures and transfers out by \$4,421,880.
- Effective for the fiscal year ended June 30, 2014, the City adopted the provisions of Statement No. 65 of the Governmental Accounting Standards Board, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in statements of net position since they do not meet the definition of either assets, liabilities, deferred outflows of resources, or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets or liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, financing costs are expensed as incurred; previously, financing costs were deferred and amortized using the straight-line method over the life of the related debt. Due to the adoption of GASB 65, the City has restated its 2013 financial statements, resulting in a \$2,526,924 decrease in net position at July 1, 2013, as reported in the accompanying statement of activities. For 2014, the adoption of GASB 65 resulted in an increase in net position of \$154,877.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City'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 required and other supplementary information.

The City's basic financial statements and supplementary financial information provide information about all of the City's activities. They provide both a short-term and a long-term view of the City's financial health as well as information about activities for which the City acts solely as a trustee for the benefit of those outside of the City's government.

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

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

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

Both of the government-wide financial statements distinguish functions of the City 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 City's governmental activities include legislative, executive, finance, planning, public safety, public works and education. The City's business-type activities include principally water operations.

The government-wide financial statements are reported on pages 19 and 20.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains approximately 255 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and School Unrestricted Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements are presented on pages 21 through 24.

The City adopts an annual budget for its General Fund and for its School Unrestricted Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

Proprietary funds - The City's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has three enterprise funds: the Pawtucket Water Supply Board (PWSB), which accounts for the City's water system; 175 Main Street, which is an office building; and the School Lunch Fund, which accounts for lunch operations at all the schools. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for health and dental benefits. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Proprietary funds (continued) - 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 Pawtucket Water Supply Board since it is considered to be a major fund of the City. The internal service fund financial statement provides information for health and dental plan benefits.

The basic proprietary fund financial statements are presented on pages 25 through 28.

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 statements because resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 29 and 30.

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 31 through 83.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the City's operations. Required Supplementary information is presented on pages 84 through 98.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 99 through 164.

The Agency funds are presented on page 165.

Government-wide financial analysis

Analysis of the City's net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The City's governmental activities net deficit position totaled (\$55,173,191) as of June 30, 2014, an increase of \$3,807,247 from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide financial analysis (continued)

Analysis of the City's net position (continued)

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

	2014			2013 (as restated)		
	Governmental activities	Business-Type Activities	Total	Governmental activities	Business-Type Activities	Total
Current and other assets	\$ 48,430,637	\$ 30,934,131	\$ 79,364,768	\$ 36,937,419	\$ 38,351,539	\$ 75,288,958
Capital assets	142,538,308	154,601,492	297,139,800	140,979,066	150,510,094	291,489,160
Total assets	190,968,945	185,535,623	376,504,568	177,916,485	188,861,633	366,778,118
Deferred outflows		160,740	160,740		242,328	242,328
Current and other liabilities	36,349,232	9,496,515	45,845,747	26,464,121	6,718,991	33,183,112
Long-term liabilities	209,792,904	97,366,549	307,159,453	202,818,308	106,834,782	309,653,090
Total liabilities	246,142,136	106,863,064	353,005,200	229,282,429	113,553,773	342,836,202
Net position:						
Net investment in capital assets	104,691,768	55,531,597	160,223,365	101,626,946	51,141,742	152,768,688
Restricted	5,220,493	22,958,612	28,179,105	4,694,059	23,568,475	28,262,534
Unrestricted	(165,085,452)	343,090	(164,742,362)	(157,686,949)	839,971	(156,846,978)
Total net position	\$ (55,173,191)	\$ 78,833,299	\$ 23,660,108	\$ (51,365,944)	\$ 75,550,188	\$ 24,184,244

As discussed in Note 1 to the financial statements and the previous financial highlights section, the City restated its 2013 financial statements to reflect the adoption of GASB 65.

The largest portion of the City's net position, \$160,223,365, consists of its investment in capital assets such as land, construction in progress, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any outstanding debt used to acquire these assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City'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 City's net position, totaling \$28,179,105, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors. As of June 30, 2014, the City of Pawtucket reports positive balances in two of three categories of net position for the government as a whole.

Analysis of the City's operations

Governmental activities decreased the City's net position by \$3,807,247 for the current period, a 7% decrease in the City's governmental net position, while business-type activities increased the City's net position by \$3,283,111 for the current period, a 4% increase in the business-type activities net position. Overall, the City's net position decreased \$524,136, which is a 2% decrease from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Analysis of the City's operations (continued)

Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures. See page 24 for the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for a detailed explanation of these differences.

The following schedule presents the changes in net position for the current and prior years.

	2014			2013 (as restated)		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 7,448,328	\$ 19,037,449	\$ 26,485,777	\$ 7,375,203	\$ 18,662,112	\$ 26,037,315
Operating grants and contributions	22,994,017	3,896,744	26,890,761	22,328,963	3,772,347	26,101,310
Capital grants and contributions	1,402,522		1,402,522	821,224		821,224
General revenues:						
Property taxes	97,986,880		97,986,880	98,526,666		98,526,666
State aid, unrestricted	78,954,330	54,637	79,008,967	75,848,478	51,751	75,900,229
Investment earnings	1,465,448	328,274	1,793,722	1,123,916	260,588	1,384,504
Other revenues	1,375,869	233,806	1,609,675	1,128,745	207,353	1,336,098
Total revenues	<u>211,627,394</u>	<u>23,550,910</u>	<u>235,178,304</u>	<u>207,153,195</u>	<u>22,954,151</u>	<u>230,107,346</u>
Expenses:						
Legislative and executive	5,743,824		5,743,824	5,462,954		5,462,954
Finance	2,812,478		2,812,478	2,679,761		2,679,761
Planning	6,602,573		6,602,573	4,390,575		4,390,575
Public safety	50,389,691		50,389,691	48,898,407		48,898,407
Public works	13,134,135		13,134,135	12,884,767		12,884,767
Education	123,524,630		123,524,630	120,436,734		120,436,734
Interest expense	1,739,327		1,739,327	2,062,591		2,062,591
Other	11,487,983		11,487,983	11,230,917		11,230,917
Water Supply Board		15,465,303	15,465,303		15,323,744	15,323,744
175 Main Street		509,477	509,477		520,001	520,001
School Lunch Fund		4,293,019	4,293,019		4,090,616	4,090,616
Total expenses	<u>215,434,641</u>	<u>20,267,799</u>	<u>235,702,440</u>	<u>208,046,706</u>	<u>19,934,361</u>	<u>227,981,067</u>
Change in net position	<u>(3,807,247)</u>	<u>3,283,111</u>	<u>(524,136)</u>	<u>(893,511)</u>	<u>3,019,790</u>	<u>2,126,279</u>
Net position, beginning of year:						
As originally reported	(51,365,944)	75,550,188	24,184,244	(49,699,956)	74,737,451	25,037,495
Prior period adjustment				(427,932)		(427,932)
Restatement			-	(344,545)	(2,207,053)	(2,551,598)
As restated	<u>(51,365,944)</u>	<u>75,550,188</u>	<u>24,184,244</u>	<u>(50,472,433)</u>	<u>72,530,398</u>	<u>22,057,965</u>
Net position, end of year	<u>\$ (55,173,191)</u>	<u>\$ 78,833,299</u>	<u>\$ 23,660,108</u>	<u>\$ (51,365,944)</u>	<u>\$ 75,550,188</u>	<u>\$ 24,184,244</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial analysis of the City's funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,366,338. Of this amount, \$2,835,031 constitutes net unassigned fund balance. The remainder of the fund balance is classified as follows:

Nonspendable:	
Perpetual care and endowment permanent funds	\$ 1,115,809
Prepaid items	<u>59,637</u>
Total nonspendable fund balance	<u>1,175,446</u>
Restricted:	
Restricted for City special revenue funds	1,759,047
Restricted for HUD special revenue funds	854,152
Restricted for school special revenue funds	202,847
Restricted for capital projects funds	<u>1,288,638</u>
Total restricted fund balance	<u>4,104,684</u>
Committed:	
Committed for charter reserve	700,000
Committed for school's deficit reduction	511,461
Committed for City special revenue funds	<u>1,411,133</u>
Total committed fund balance	<u>2,622,594</u>
Assigned:	
Assigned for medical reservation	2,018,399
Assigned for revaluation	437,001
Assigned for snow removal	150,000
Assigned for City special revenue funds	<u>23,183</u>
	<u>2,628,583</u>
Total	<u>\$10,531,307</u>

Proprietary funds - The City's proprietary fund financial statements provide the same type of information as business-type activities in the government-wide financial statements, but in more detail.

Total unrestricted net position of the proprietary funds is \$343,090.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund budgetary highlights for the fiscal year ended June 30, 2014

REVENUE:

Real Estate, Tangible and Auto Taxes - exceeded the budget by \$2,198,329 due to prior year taxes coming in higher than budgeted. Also, current year taxes came in higher than anticipated due to better collection rates. Real Estate tax was over budget by \$1,169,028 of the variance. Motor Vehicle tax was over budget by \$967,789. Tangible tax was over budget by \$61,512. In prior year comparison, we were over last year by \$1,951,738 due to an increase in values and collection rates.

Current Other Revenues - were over budget by \$3,835 and over last year by \$5,999 primarily due to the commercial commission coming in higher than previous year and also a higher payment in lieu of taxes from our housing authority.

License and Permit Revenue - was over budget by \$155,676 and over last year by \$119,267. The variance for this year is mainly the result of Building, Electrical and Inspection fees coming in higher than budgeted as well as an increase over last year due to more permits being issued this year.

Intergovernmental Revenue – was under budget by \$724,993 and was over last year by \$127,345. The variance for this year was mainly due to a decrease in distressed communities aid and FIP Incentive Aid. We budgeted off of the governor's budget and the legislature decreased those two lines dramatically for the final passage. The variance for last year is due to the legislature giving us more money for Public Service Corporation Tax and PILOT money than the previous year.

Charges for Services - were over budget by \$450,258 and over last year by \$377,855. This year's variance was a combination of an increase in one time sales of vehicles and property that the city cleaned up and also higher rescue fees collected due to a third rescue put into place this fiscal year. The variance for last year is due mainly because of the sale of vehicles as we have previously indicated and zoning department liens coming in higher than the previous year.

Fines and Forfeitures - were over budget by \$20,274 and under last year by \$31,857. The variance for this year was mainly due to lower zoning court costs, but higher ticket revenue due to more snow storms and street sweeping than budgeted. The variance for last year was mainly due to less snow storm fines that were collected this year than what we collected in the previous year.

Interest Revenue – exceeded the budget by \$420,726 and over last year by \$293,699. We saw an increase in interest charged for late payment of taxes, as well as an increase in our interest rates due to having more money to invest yielding more interest income.

Other Financing Sources – exceeded the budget by \$164,531 and under last year by \$1,324,317. The variance for both years is mainly due to a transfer from our medical fund.

Total Revenue – exceeded the budget by \$2,688,636 mainly due to the increase in collections of our property taxes and various other reasons as explained above. We are over last year \$1,519,729 due to the increase in collections of our property taxes as well.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES:

Legislative – The Legislative Department was under budget by \$66,409 and over last year \$22,834.

Board of Canvassers Division – was under budget by \$7,690 and under last year by \$79,457. The variances are mostly due to an election being held during last fiscal year and none this fiscal year.

Library Division – was under budget by \$48,816 and over last year \$64,275. The variances are mostly due to a lag in hiring and also an increase in the heating line this fiscal year.

There were no significant variances in the **City Council, City Clerk's, and Probate Court Divisions.**

Executive – The Executive Department was over budget by \$2,547 and under last year \$59,523.

Mayor's Office – was over budget by \$73,049 and over last year \$79,400. This was mainly due to the addition of a new position.

Law Department – was under budget by \$70,590 and under last year \$46,819. The variances are mostly due to a lag in hiring and a drop in legal fees this fiscal year.

There were no material variances in the **Municipal Court Division.**

Finance - The Finance Department was under budget by \$162,253 and over last year \$83,387.

Finance Director Division – was over budget by \$6,902 and under last year by \$33,544. The variance is mostly due to the hiring of a consultant in the previous fiscal year.

Tax Assessors Division - was under budget by \$71,169 and over last year \$838. The variance this year is mostly due to a revaluation expense that is budgeted but not spent in the current fiscal year.

Tax Collections Division – was over budget by \$9,982 and over last year \$102,130. The variance from last year is due to a lag in hiring and also consultant fees being higher than last fiscal year.

Information Technology Division – was under budget \$27,205 and over last year by \$11,709. This was due to a combination a lag in hiring, hiring of consultants, and also a savings in some of our contracts on our hardware and software in the current year.

Personnel Division – was under budget \$91,034 and under last year by \$10,304. This was mainly due to a lag in hiring.

There were no other material variances in the **Accounting, Purchasing or Payroll Divisions.**

Planning - The Planning Department was under budget by \$8,336 and over last year \$66,851.

Planning Division – was under budget by \$18,893 and was under last year by \$56,024. This variance is mainly due to lag in hiring.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES (CONTINUED):

Zoning & Code Enforcement Division – was over budget by \$10,607 and over last year by \$35,837. The variance was mostly due to hiring of new employees and an increase in the Demo/Clearing line item.

There were no significant variances in the **Development Division**.

Public Safety – The Public Safety Department consists of the Police Department, Fire Department, and the Civil Defense Department.

Police – The Police Department was under budget by \$893,553 and over last year by \$1,184,184.

Uniform Police Division - was under budget by \$831,700 and over last year \$1,085,008. This year uniform salaries were under budget \$258,150 mainly due to lag time in replacement of retirees and terminations. We did not receive a credit from grants for payments to our pension plan this year compared to last year's credit of \$141,802. Restoration was also under budget \$151,235 due to DOT and other vendor payments to use police officer vehicles during road construction. In current year the medical costs for our injured on duty police officers was under budget by \$43,778. The main difference between this year and last year is due to an increased contribution of \$497,617 to the pension plan which brings us to our annual required contribution. Also our Medical costs increased this year by \$118,381 over last year.

Civilian Police Division - was under budget by \$40,844 and over last year \$71,713. The variances were mostly due to an increase in recruits in the academy this year over last year.

Animal Control Division – was under budget by \$21,009 and over last year \$27,463. This was mostly due to an increase in heating due to our radiant heating system and a colder, snowier winter.

Fire –The Fire Department was under budget by \$743,293 and under last year \$1,675,099.

Uniform Fire Division – was under budget by \$571,083 and under last year \$1,870,819. Uniform salaries were under last year \$207,372 mainly due to a drop in personnel. The difference between last year and this year is due to an increased contribution of \$497,618 to the pension plan which brings us to our annual required contribution. Also our overtime was over \$216,721 this year and under \$1,296,637 from last year due to the hiring of 21 new firefighters under a SAFER grant. Also, last year, we had to pay an arbitration that the City lost for its Holiday Pay which caused us to be under budget last year \$270,684. We also received a credit from the SAFER grant for pension costs of \$575,079 which we had previously not received nor budgeted.

Civilian Fire Division – was under budget by \$199,851 and over last year \$65,366. This was mostly due to budgeting 16 part time positions for dispatchers which did not come to fruition this year. We also increased a part time position in the budget for the current year which we did not have in the previous year.

Fire Prevention Division – was over budget by \$27,641 and over last year \$130,354. The variance was mainly due to having to increase one position due to arbitration in the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES (CONTINUED):

There were no material differences in the **Crossing Guard** or **Civil Defense Divisions**.

Public Works – The Public Works Department was over budget by \$84,143 and over last year \$1,189,407.

Public Works Director Division – was over budget by \$5,806 and over last year \$333,737. The variance is mainly due to a reorganization of personnel within the entire Public Works Department in the current year.

Engineering Division – was over budget by \$8,620 and over last year \$100,487. The variance is mainly due to a reorganization of personnel within the entire Public Works Department in the current year.

Equipment Maintenance Division – was under budget by \$71,382 and under last year \$3,613. The variance is mainly due to a lag in hiring due to retirements and also a reduction in overtime.

City Hall Maintenance Division – was over budget by \$112,609 and over last year \$116,365. The variance is mainly due to an increase in the heating bill in the current year and the use of temporary services.

Sewer Maintenance Division – was under budget by \$56,307 and under last year \$63,334. The variance is mainly due to a lag in hiring due to retirements and also a reduction in temporary services and outside vendors needed.

Beautification Division – exceeded the budget by \$70,631 and over last year \$870,295. The largest variance was due to the change to privatization in the current year which caused a variance of \$1,958,886 and a savings in salary lines totaling \$662,658 over the prior year.

Transfer Station Division – was under budget by \$69,756 and under last year \$89,776. Since we leased out our Transfer Station starting in May of FY2012, we have seen a drop in our tipping fee line each year. Privatization has also helped to reduce trash and increase recycling.

Recycling – was under last year by \$318,124. This is due to no longer having this department due to privatization this year which resulted in the savings.

Streets and Bridges Division – was over budget by \$28,196 and under last year \$58,417. The variance is mainly due to a reorganization of personnel within the entire Public Works Department.

Street Cleaning and Snow Removal Division – was over budget by \$67,319 and over last year \$149,830. The variances contributing to being over budget this year were the sand/salt supply line and the snow storm salaries which were higher than the average budgeted. The largest contributing expenses over last year were the salary line which was due to a reorganization of personnel. Another major factor was we had to restore a vehicle which was \$34,942 over last year.

Parks Division – was over budget by \$18,420 and over last year \$204,470. The variance is mainly due to a reorganization of personnel within the entire Public Works Department.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES (CONTINUED):

Recreation Division – was under budget by \$7,004 and under last year \$94,602. The variance is mainly due to a reorganization of personnel within the entire Public Works Department.

There were no other material variances in the **Public Building Main, Traffic, and Daggett Farm Divisions**.

Fixed Charges (Non-Departmental Costs) – The Fixed Charges Section were under budget by \$441,124 and over last year by \$922,840.

Debt Service – was over budget by \$49,053 and over last year \$782,509. The main reason for the difference from last year to this year is a new equipment lease causing an increase in lease principal and interest of \$670,874. We also had an increase in BANS interest due to extending our bond until the next fiscal year.

Operating Insurance – was under budget by \$170,415 and under last year \$180,816. Both variances are mainly due not fully expending our claims and judgments line in the current year.

Interdepartmental Contributions – were over budget by \$886 and under last year \$1,107. The main reason for the variance from last year is due to a decrease in our maintenance of effort.

Other Employee Benefits – was under budget by \$144,853 and over last year \$505,428. The major variance for this year was the savings in unemployment insurance as we had less claims due to limits being reached on employees who had been laid off previously. We also increased our budget for our retiree health care in FY14 by \$612,398, which is the major factor in the overage of last year.

Fixed Charges – was under budget by \$135,795 and under last year \$183,130. Accrued hours payoff was under budget \$278,610 and under last year \$216,663 due to less retirements in the current year. The variance this year is mainly due to the Provision for Reserves expense in the amount of \$399,019 being budgeted but not actually spent.

Total Expenditures – were under budget by \$2,202,335 and over last year \$1,892,318. This year's variance is due to some retirements, a lag in hiring, and some reorganizations as explained above.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$297,139,800, net of accumulated depreciation, at June 30, 2014.

Additional information on the City's capital assets is located in Note 4 to the financial statements, which can be found on pages 45-46.

City of Pawtucket Capital Assets (Net of Accumulated Depreciation)						
	2014			2013		
	Governmental activities	Business-Type activities	Total	Governmental activities	Business-Type activities	Total
Land and improvements	\$ 21,867,850	\$ 5,796,400	\$ 27,664,250	\$ 21,867,850	\$ 5,784,856	\$ 27,652,706
Construction in progress	1,252,468	9,570,680	10,823,148		14,638,023	14,638,023
Buildings and improvements	43,703,954	2,116,472	45,820,426	42,775,145	2,252,324	45,027,469
Distribution and collection system		79,424,137	79,424,137		71,250,069	71,250,069
Motor vehicles	3,486,397		3,486,397	1,995,717		1,995,717
Machinery, equipment and furniture	1,096,198	359,352	1,455,550	1,394,347	453,635	1,847,982
Infrastructure	71,131,441	57,334,451	128,465,892	72,946,007	56,131,187	129,077,194
	<u>\$ 142,538,308</u>	<u>\$ 154,601,492</u>	<u>\$ 297,139,800</u>	<u>\$ 140,979,066</u>	<u>\$ 150,510,094</u>	<u>\$ 291,489,160</u>

Construction in progress for governmental activities relates to the City's festival pier restoration project. This project will be funded from grant proceeds awarded in fiscal years 2014 and 2015. Construction in progress for business-type activities relates to PWSB annual water main replacement contracts to complete the restoration of the water transmission and distribution system. These and other projects will be funded from bond proceeds available from bonds issued in fiscal years 2013 and 2012, and rate revenue restricted for infrastructure improvements. The water transmission and distribution system capital improvements, which will benefit the ratepayers for many years, are paid from debt financing on an as needed basis.

The City has the following commitments related to construction project contracts at June 30, 2014:

City:

Pawtucket Festival Pier	\$ 1,126,514
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PWSB:

Main Replacement Contract MR-8	\$ 926,800	
Main Replacement Contract MR-9	2,525,953	
T&D Operations Center Architect Services	17,544	3,470,297
		<u>\$ 4,596,811</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Debt administration

At the end of the current fiscal year, the City's governmental activities had total bonded debt of \$31,512,110, backed by the full faith and credit of the City.

The following is a summary of the City's debt:

	City of Pawtucket General Obligation Bonds and Notes Payable					
	2014			2013		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities (restated)	Total (restated)
General obligation bonds	\$ 31,512,110		\$ 31,512,110	\$ 34,932,585		\$ 34,932,585
Bond premiums and capital leases	6,334,430	\$ 304,021	6,638,451	4,419,535	\$ 317,814	4,737,376
Water and clean water bonds		97,500,787	97,500,787		97,661,225	97,661,225
Notes and loans payable	12,670,000	844,149	13,514,149	8,610,000	875,414	9,485,414
	\$ 50,516,540	\$ 98,689,215	\$ 149,205,755	\$ 47,962,120	\$ 98,854,480	\$ 146,816,573

Additional information on the City's long-term debt can be found in Note 7 to the financial statements on pages 50 through 55.

The City maintains a "Baa2" rating from Moody's for general obligation debt. The State of Rhode Island imposes a limit of 3% of net assessed value of all taxable City property on the general obligation debt that a municipality can issue. The City's limit is \$107,267,483 at year-end. The City's outstanding indebtedness subject to the limitation is \$7,200,523 at year-end, which is \$100,066,960 below the State-imposed limitation.

Contingencies

Litigation:

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints; it adequately accrues liabilities for losses when they are both probable and can be reasonably estimated.

The City is involved in the early stages of litigation with several plaintiffs relating to tax assessment appeals, personal injuries and contract disputes. The outcomes of the cases are not known at this time. Management is rigorously defending the cases and has calculated the range of potential liability, after applying the City's insurance deductible, if the City should not prevail to be between \$-0- and \$1,476,000. As it is not probable that a liability has been incurred, no liability has been recorded in the accompanying financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Contingencies (continued)

Property and liability insurance:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property and liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the City is insured for a maximum of \$4,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2014. At June 30, 2014, the Trust's estimated reserves on open claims not subject to coverage amounted to approximately \$1,244,000, which the City could be liable for.

Economic factors and next year's budgets and rates

The City's total general fund budget, including the school, for fiscal year 2015 amounts to \$219,244,445, which reflects an increase of \$5,675,142, or 2.66%, more than the fiscal 2014 budget of \$213,569,303. Of the City's 2015 budget, \$106,913,545, or 48.8%, is budgeted for educational purposes and \$112,330,900, or 51.2%, is budgeted for other purposes.

The City's tax rate for fiscal year 2015 is \$30.88 per thousand for commercial real property, \$23.06 per thousand for residential real property, \$53.30 per thousand for motor vehicles and \$52.09 per thousand for tangible personal property. These rates remained unchanged from FY14 as there was no tax increase. Taxes for retail/wholesale inventory have been completely phased out.

Requests for Information

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the City's finances and to show the City's accountability for the tax dollars received. Questions concerning this report, or requests for additional information, should be directed to Ms. Joanna L'Heureux, Finance Director, Pawtucket City Hall, 137 Roosevelt Avenue, Pawtucket, RI 02860, Telephone (401)728-0500.

BASIC FINANCIAL STATEMENTS

CITY OF PAWTUCKET, RHODE ISLAND

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Pawtucket Business Development Corporation
Assets:				
Current assets:				
Cash and cash equivalents	\$ 27,338,944	\$ 3,120,614	\$ 30,459,558	\$ 402,742
Investments	702,249		702,249	
Real estate and personal property taxes receivable	7,017,512		7,017,512	
Water and sewer assessments and user fees receivable, net		3,946,592	3,946,592	
Due from federal and state governments	4,754,205	280,572	5,034,777	
Due from enterprise funds	2,906,610		2,906,610	
Other receivables, net	1,322,670	9,029	1,331,699	869
Inventories		469,465	469,465	
Loans and notes receivable	2,762,407		2,762,407	273,368
Other assets	1,476	41,261	42,737	12,500
Total current assets	46,806,073	7,867,533	54,673,606	689,479
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents		17,487,224	17,487,224	-
Investments		5,579,374	5,579,374	
Total restricted assets		23,066,598	23,066,598	-
Capital assets:				
Land	21,867,850	5,796,400	27,664,250	
Capital assets not being depreciated	1,252,468	9,570,680	10,823,148	
Capital assets being depreciated, net	119,417,990	139,234,412	258,652,402	
Total capital assets	142,538,308	154,601,492	297,139,800	
Other assets	1,624,564	-	1,624,564	
Total noncurrent assets	144,162,872	177,668,090	321,830,962	
Total assets	190,968,945	185,535,623	376,504,568	689,479
Deferred outflows of resources		160,740	160,740	
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	11,334,263	2,252,350	13,586,613	165,890
Unearned revenue	8,240,571		8,240,571	
Due to other funds		2,906,610	2,906,610	
Bond anticipation note	12,400,000		12,400,000	
Other liabilities	5,528	17,109	22,637	
Long-term debt due within one year	4,368,870	4,320,446	8,689,316	
Total current liabilities	36,349,232	9,496,515	45,845,747	165,890
Noncurrent liabilities:				
Accounts payable and accrued expenses		750,624	750,624	
Net OPEB obligation	80,428,802	1,438,694	81,867,496	-
Net pension obligation	87,851,155		87,851,155	
Long-term debt	41,512,947	95,177,231	136,690,178	
Total noncurrent liabilities	209,792,904	97,366,549	307,159,453	-
Total liabilities	246,142,136	106,863,064	353,005,200	165,890
Commitments and contingencies (Note 15)				
Net position:				
Net investment in capital assets	104,691,768	55,531,597	160,223,365	
Restricted for:				
Trust agreements	1,115,809	19,855,369	20,971,178	
Capital projects funded with bonds	1,288,638		1,288,638	
Grant expenditures	2,816,046		2,816,046	
Other purposes		3,103,243	3,103,243	520,582
Unrestricted	(165,085,452)	343,090	(164,742,362)	3,007
Total net position	\$ (55,173,191)	\$ 78,833,299	\$ 23,660,108	\$ 523,589

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Legislative and executive	\$ 5,743,824	\$ 1,108,826	\$ 587,075	\$ -	\$ (4,047,923)		\$ (4,047,923)	
Finance	2,812,478	358,731	412	-	(2,453,335)		(2,453,335)	
Planning	6,602,573	774,556	3,229,167	1,236,612	(1,362,238)		(1,362,238)	
Public safety	50,389,691	4,568,744	2,434,590	-	(43,386,357)		(43,386,357)	
Public works	13,134,135	334,400	115,804	165,910	(12,518,021)		(12,518,021)	
Other	11,487,983	-	-	-	(11,487,983)		(11,487,983)	
Education	123,524,630	303,071	16,626,969	-	(106,594,590)		(106,594,590)	
Interest on long-term debt	1,739,327	-	-	-	(1,739,327)		(1,739,327)	
Total governmental activities	<u>215,434,641</u>	<u>7,448,328</u>	<u>22,994,017</u>	<u>1,402,522</u>	<u>(183,589,774)</u>		<u>(183,589,774)</u>	
Business-type activities:								
School lunch fund	4,293,019	383,211	3,896,744	-	-	\$ (13,064)	(13,064)	
Water Supply Board	15,465,303	18,469,723	-	-	-	3,004,420	3,004,420	
175 Main Street	509,477	184,515	-	-	-	(324,962)	(324,962)	
Total business-type activities	<u>20,267,799</u>	<u>19,037,449</u>	<u>3,896,744</u>	<u>-</u>	<u>-</u>	<u>2,666,394</u>	<u>2,666,394</u>	
Total primary government	<u>\$ 235,702,440</u>	<u>\$ 26,485,777</u>	<u>\$ 26,890,761</u>	<u>\$ 1,402,522</u>	<u>(183,589,774)</u>	<u>2,666,394</u>	<u>(180,923,380)</u>	
Component unit:								
Pawtucket Business Development Corporation	<u>\$ 24,723</u>		<u>\$ 5,000</u>					<u>\$ (19,723)</u>
General revenues:								
Property taxes levied for general purposes					97,986,880		97,986,880	
State aid, unrestricted					78,954,330	54,637	79,008,967	
Investment and interest income					1,465,448	328,274	1,793,722	13,552
Other revenues					1,342,072	233,806	1,575,878	89,077
Transfers					33,797		33,797	(165,890)
Total general revenues and transfers					<u>179,782,527</u>	<u>616,717</u>	<u>180,399,244</u>	<u>(63,261)</u>
Change in net position					<u>(3,807,247)</u>	<u>3,283,111</u>	<u>(524,136)</u>	<u>(82,984)</u>
Net position, beginning of year:								
As originally reported					(51,043,135)	77,754,303	26,711,168	606,573
Restatement (Note 1)					<u>(322,809)</u>	<u>(2,204,115)</u>	<u>(2,526,924)</u>	
As restated					<u>(51,365,944)</u>	<u>75,550,188</u>	<u>24,184,244</u>	<u>606,573</u>
Net position, end of year					<u>\$ (55,173,191)</u>	<u>\$ 78,833,299</u>	<u>\$ 23,660,108</u>	<u>\$ 523,589</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2014

ASSETS	General Fund	School Unrestricted Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,565,531	\$ 1,792,790	\$ 11,718,774	\$ 26,077,095
Investments			702,249	702,249
Real estate and personal property taxes receivable, net	7,017,512			7,017,512
Due from federal and state governments	1,909,030	403,263	2,441,912	4,754,205
Due from other funds	4,917,538			4,917,538
Other receivables	(40,895)	61,348	1,302,217	1,322,670
Other assets		1,476		1,476
Notes receivable			2,762,407	2,762,407
Total assets	\$ 26,368,716	\$ 2,258,877	\$ 18,927,559	\$ 47,555,152
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,186,883	\$ 2,233,402	\$ 3,278,646	\$ 7,698,931
Due to other funds			2,010,928	2,010,928
Unearned revenue			2,452,317	2,452,317
Bond anticipation note			12,400,000	12,400,000
Other liabilities			5,528	5,528
Total liabilities	2,186,883	2,233,402	20,147,419	24,567,704
Deferred inflows of resources	9,621,110			9,621,110
Fund balances:				
Nonspendable			1,175,446	1,175,446
Restricted			4,104,684	4,104,684
Committed	1,211,461		1,411,133	2,622,594
Assigned	2,605,400		23,183	2,628,583
Unassigned	10,743,862	25,475	(7,934,306)	2,835,031
Total fund balances	14,560,723	25,475	(1,219,860)	13,366,338
Total liabilities and fund balances	\$ 26,368,716	\$ 2,258,877	\$ 18,927,559	\$ 47,555,152

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2014

Total fund balances for governmental funds		\$ 13,366,338
Assets used in governmental activities which are not financial resources and therefore are not reported in the funds:		
Capital assets, net		142,538,308
Some taxes and grants will be collected after year-end but are not available soon enough to pay for the current period's expenditures; therefore, they are reported as deferred inflows of resources in the funds.		3,832,856
Liabilities not due and payable in the current period and therefore not reported in the funds:		
Accrued interest	748,919	
Net OPEB obligation	80,428,802	
Net pension obligation	87,851,155	
Bonds and notes payable	31,800,424	
Capital leases	6,316,116	
Compensated absences payable	<u>7,765,277</u>	<u>(214,910,693)</u>
Net position of governmental activities		<u>\$ (55,173,191)</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	General Fund	School Unrestricted Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes and payments in lieu of taxes	\$ 100,021,773			\$ 100,021,773
Intergovernmental	6,125,383	\$ 72,828,947	\$ 20,376,673	99,331,003
Rescue service fees	1,755,356			1,755,356
Charges for services	2,264,130	303,071	2,758,577	5,325,778
Investment and interest income	1,350,726		114,722	1,465,448
On behalf pension contribution		4,021,766		4,021,766
Other revenues	1,707,366			1,707,366
Total revenues	113,224,734	77,153,784	23,249,972	213,628,490
Expenditures:				
Legislative	2,569,415		1,997,678	4,567,093
Executive	858,530			858,530
Finance	2,671,958			2,671,958
Planning	1,607,904		3,921,925	5,529,829
Public safety	42,721,019		3,582,082	46,303,101
Public works	10,573,002		4,999,432	15,572,434
Other fixed and general charges	10,364,988			10,364,988
Education		102,218,431	15,833,999	118,052,430
Debt service principal	4,292,622			4,292,622
Debt service interest	2,044,528			2,044,528
On behalf pension contribution		4,021,766		4,021,766
Total expenditures	77,703,966	106,240,197	30,335,116	214,279,279
Excess (deficiency) of revenues over expenditures	35,520,768	(29,086,413)	(7,085,144)	(650,789)
Other financing sources (uses):				
Transfers from other funds	164,531	30,646,274	1,103,794	31,914,599
Transfers to other funds	(30,864,400)		(882,250)	(31,746,650)
Capital lease proceeds			3,117,500	3,117,500
Total other financing sources (uses)	(30,699,869)	30,646,274	3,339,044	3,285,449
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,820,899	1,559,861	(3,746,100)	2,634,660
Fund balances, beginning of year	9,739,824	(1,534,386)	2,526,240	10,731,678
Fund balances, end of year	\$ 14,560,723	\$ 25,475	\$ (1,219,860)	\$ 13,366,338

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

Net change in fund balances for governmental funds		\$ 2,634,660
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities these costs are allocated over the life of the related asset and reported as depreciation expense.</p>		
Capital outlays, including amounts charged to current expenditures	\$ 6,871,399	
Depreciation expense	<u>(5,312,157)</u>	1,559,242
Revenues in the statement of activities that do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		(2,034,893)
Change in net OPEB obligation is recorded in the statement of activities, but not in the governmental funds		(4,887,075)
Change in net pension obligation is recorded in the statement of activities, but not in the governmental funds		(2,031,433)
<p>The issuance of long-term debt (including premiums or discounts) provides current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment and refunding of bonds and notes use current financial resources, but decrease long-term liabilities in the statement of net position. Bond premiums, discounts and refunding charges are deferred and amortized as part of future interest expense.</p>		
Principal repayment on general obligation bonds, notes payable and capital leases	4,764,028	
Amortization of premiums, discounts and deferred charges on refunding	52,719	
Capital lease proceeds	(68,667)	
Refundings of bonds and notes	(85,000)	
Retirement of undrawn capital lease proceeds	<u>(3,117,500)</u>	1,545,580
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Accrued compensated absences	(557,033)	
Accrued interest	<u>(36,295)</u>	<u>(593,328)</u>
Change in net position of governmental activities		<u>\$ (3,807,247)</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND
STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	School Lunch Fund	Water Supply Board	175 Main Street	Total	Internal Service Fund
Assets:					
Current assets:					
Cash and cash equivalents	\$ 326,599	\$ 2,793,909	\$ 106	\$ 3,120,614	\$ 1,261,849
Water user fees receivable, net		3,946,592		3,946,592	
Intergovernmental receivable	271,908	8,664		280,572	
Inventories		469,465		469,465	
Other receivables, net			9,029	9,029	
Prepaid expenses		-	41,261	41,261	
Total current assets	<u>598,507</u>	<u>7,218,630</u>	<u>50,396</u>	<u>7,867,533</u>	<u>1,261,849</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	17,487,224		17,487,224	-
Investments		5,471,388	107,986	5,579,374	
Capital assets:					
Land		5,796,400		5,796,400	
Non-depreciable assets		9,570,680		9,570,680	
Depreciable assets, net		137,117,940	2,116,472	139,234,412	
Other assets				-	1,624,564
Total noncurrent assets	<u>-</u>	<u>175,443,632</u>	<u>2,224,458</u>	<u>177,668,090</u>	<u>1,624,564</u>
Total assets	<u>598,507</u>	<u>182,662,262</u>	<u>2,274,854</u>	<u>185,535,623</u>	<u>2,886,413</u>
Deferred outflows of resources		<u>160,740</u>		<u>160,740</u>	
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	326,981	623,342	11,507	961,830	2,886,413
Accrued interest payable		1,290,520		1,290,520	
Due to other funds	160,029	2,746,581		2,906,610	
Deposits		17,109		17,109	
Current portion of long-term debt		4,320,446	-	4,320,446	
Total current liabilities	<u>487,010</u>	<u>8,997,998</u>	<u>11,507</u>	<u>9,496,515</u>	<u>2,886,413</u>
Noncurrent liabilities:					
Accounts payable from restricted assets	-	541,420		541,420	-
Accrued expenses		209,204		209,204	
Net OPEB obligation		1,438,694		1,438,694	
Accrued compensated absences and vacation		727,616		727,616	
Bonds, loans, and notes payable		93,565,208	884,407	94,449,615	
Total noncurrent liabilities	<u>-</u>	<u>96,482,142</u>	<u>884,407</u>	<u>97,366,549</u>	<u>-</u>
Total liabilities	<u>487,010</u>	<u>105,480,140</u>	<u>895,914</u>	<u>106,863,064</u>	<u>2,886,413</u>
Net position:					
Net investment in capital assets		54,299,532	1,232,065	55,531,597	-
Restricted for:					
Trust agreements		19,855,369		19,855,369	
Public utilities commission order		3,103,243		3,103,243	
Unrestricted	111,497	84,718	146,875	343,090	
Total net position	<u>\$ 111,497</u>	<u>\$ 77,342,862</u>	<u>\$ 1,378,940</u>	<u>\$ 78,833,299</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental	
	School Lunch Fund	Water Supply Board	175 Main Street	Total	Internal Service Fund
Operating revenues:					
Charges for services	\$ 383,211	\$ 18,115,737	\$ 184,515	\$ 18,683,463	\$ 32,798,341
Intergovernmental revenue				-	
Other income		328,286		328,286	531,948
Total operating revenues	<u>383,211</u>	<u>18,444,023</u>	<u>184,515</u>	<u>19,011,749</u>	<u>33,330,289</u>
Operating expenses:					
General and administrative		2,172,169	348,036	2,520,205	33,196,137
Customer service		493,952		493,952	
Source of supply		1,196,871		1,196,871	
Purification		2,628,475		2,628,475	
Transmission and distribution		1,618,147		1,618,147	
Engineering		353,650		353,650	
Meters		461,930		461,930	
Depreciation and amortization		2,640,906	135,852	2,776,758	
School lunch program	4,293,019			4,293,019	
Total operating expenses	<u>4,293,019</u>	<u>11,566,100</u>	<u>483,888</u>	<u>16,343,007</u>	<u>33,196,137</u>
Income (loss) from operations	<u>(3,909,808)</u>	<u>6,877,923</u>	<u>(299,373)</u>	<u>2,668,742</u>	<u>134,152</u>
Nonoperating revenues (expenses):					
Rental income, net		25,700		25,700	
Intergovernmental income	3,896,744	54,637		3,951,381	
Miscellaneous non-operating income		233,806		233,806	
Interest income		326,855	1,419	328,274	
Interest expense		(3,899,203)	(25,589)	(3,924,792)	
Total nonoperating revenues (expenses)	<u>3,896,744</u>	<u>(3,258,205)</u>	<u>(24,170)</u>	<u>614,369</u>	
Transfers:					
Transfers in (out)					(134,152)
Total transfers					<u>(134,152)</u>
Change in net position	<u>(13,064)</u>	<u>3,619,718</u>	<u>(323,543)</u>	<u>3,283,111</u>	<u>-</u>
Net position, beginning of year					
As originally reported	124,561	75,927,259	1,702,483	77,754,303	
Restatement (Note 1)		(2,204,115)		(2,204,115)	
As restated	<u>124,561</u>	<u>73,723,144</u>	<u>1,702,483</u>	<u>75,550,188</u>	
Net position, end of year	<u>\$ 111,497</u>	<u>\$ 77,342,862</u>	<u>\$ 1,378,940</u>	<u>\$ 78,833,299</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental
	School Lunch Fund	Water Supply Board	175 Main Street	Total	Internal Service Fund
Cash flows from operating activities:					
Cash received from customers	\$ 383,211	\$ 18,391,032	\$ 184,515	\$ 18,958,758	
Cash payments to suppliers for goods and services	(4,216,359)	(6,738,282)	(306,810)	(11,261,451)	\$ (33,151,258)
Cash payments to employees for services	(107,280)	(2,481,955)	(25,471)	(2,614,706)	
Intergovernmental revenue	-			-	
Payment of administrative expenses					33,330,289
Net cash provided by (used in) operating activities	(3,940,428)	9,170,795	(147,766)	5,082,601	179,031
Cash flows from noncapital financing activities:					
Rental income received		25,700		25,700	
Intergovernmental revenue	3,896,744	100,318		3,997,062	
Miscellaneous nonoperating revenue		233,806		233,806	
Transfers to other funds				-	(134,152)
Interfund borrowings	225,998	2,746,581	(8,623)	2,963,956	(314,364)
Net cash provided by (used in) noncapital financing activities	4,122,742	3,106,405	(8,623)	7,220,524	(448,516)
Cash flows from capital and related financing activities:					
Acquisition and construction of fixed assets		(3,257,819)		(3,257,819)	
Proceeds on bonds		381,747		381,747	
Principal paid on bonds and loans		(4,166,348)	8,993	(4,157,355)	
Interest paid on bonds and loans		(3,809,727)	(25,589)	(3,835,316)	
Net cash used in capital and related financing activities		(10,852,147)	(16,596)	(10,868,743)	
Cash flows from investing activities:					
Purchases/sales of investments, net		(59,349)	(2,294)	(61,643)	
Investment income		326,855	1,419	328,274	
Net cash provided by (used in) investing activities		267,506	(875)	266,631	
Net increase (decrease) in cash and cash equivalents	182,314	1,692,559	(173,860)	1,701,013	(269,485)
Cash and cash equivalents, beginning of year	144,285	18,588,574	173,966	18,906,825	1,531,334
Cash and cash equivalents, end of year	\$ 326,599	\$ 20,281,133	\$ 106	\$ 20,607,838	\$ 1,261,849

CITY OF PAWTUCKET, RHODE ISLAND

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental	
	School Lunch Fund	Water Supply Board	175 Main Street	Internal Service Fund	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (3,909,808)	\$ 6,877,923	\$ (299,373)	\$ 2,668,742	\$ 134,152
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation		2,640,906	135,852	2,776,758	
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable and accrued revenue		(49,491)		(49,491)	
(Increase) decrease in inventory		(33,989)		(33,989)	
(Increase) decrease in prepaid expense		882	12,449	13,331	
Increase (decrease) in accounts payable and accrued expenses	(30,620)	(347,391)	3,306	(374,705)	44,879
Increase (decrease) in accrued compensated absence		13,810		13,810	
Increase (decrease) in postemployment benefits		71,645		71,645	
Increase (decrease) in deposits		(3,500)		(3,500)	
Net cash provided by (used in) operating activities:	\$ (3,940,428)	\$ 9,170,795	\$ (147,766)	5,082,601	\$ 179,031

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

STATEMENT OF NET POSITION –
FIDUCIARY FUNDS

JUNE 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash equivalents	<u>\$ 3,721,656</u>	<u>\$ 329,616</u>
Investments, at fair value:		
Common stock	69,521,856	-
U.S. Government obligations	11,939,729	
U.S. Government agency obligations	6,454,781	
U.S. Treasuries	389,970	
Domestic corporate bonds	4,869,187	
Total investments	<u>93,175,523</u>	<u>-</u>
Receivables (net):		
Interest and dividends	280,245	-
Other	46,112	
Total receivables (net)	<u>326,357</u>	<u>-</u>
Total assets	<u>97,223,536</u>	<u>329,616</u>
Liabilities:		
Amounts held in custody for others		329,616
Accounts payable and accrued expenses	2,810	
Total liabilities	<u>2,810</u>	<u>329,616</u>
Net position restricted for pension benefits	<u>\$ 97,220,726</u>	<u>\$ -</u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION –
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2014

	<u>Pension Trust Funds</u>
Additions to net assets:	
Contributions:	
Employer and plan members	\$ 13,852,216
Total contributions	<u>13,852,216</u>
Investment income:	
Interest income	1,962,048
Net appreciation in fair value of investments	12,013,927
Other	2,153
Net investment income	<u>13,978,128</u>
Total additions	<u>27,830,344</u>
Deductions from net assets:	
Benefits paid	12,876,984
Administrative and other expenses	714,217
Total deductions	<u>13,591,201</u>
Change in net position	14,239,143
Net position, beginning of year	<u>82,981,583</u>
Net position, end of year	<u><u>\$ 97,220,726</u></u>

See notes to basic financial statements.

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies:

The basic financial statements of the City of Pawtucket, Rhode Island (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain instances, summaries of the City's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

Financial reporting entity:

The City is a municipal corporation governed by a Council/Mayor form of government with a nine-member City Council headed by a Council President. In some matters, including the issuance of short and long-term debt, the general laws of the State of Rhode Island govern the City. The City provides the following services: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (sanitation, highways and streets, engineering and building maintenance), Water Supply, Parks and Recreation, Education, Social Services, and General Administrative Services.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the City applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Nos. 39 and 61. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Through the application of GASB criteria, the Pawtucket Business Development Corporation has been presented as a component unit of the City in the accompanying government-wide financial statements.

The Pawtucket Business Development Corporation is a nonprofit corporation whose purpose is to promote the growth of business and industry in Pawtucket through loans to local businesses. It is governed by a volunteer board of directors appointed by the Mayor of the City and is managed by the employees of the City's Planning Department. Complete financial statements for the Pawtucket Business Development Corporation may be obtained at its administrative office at 175 Main Street, Pawtucket, RI 02860.

Basis of presentation:

Government-wide financial statements:

The statement of net position and statement of activities display information about the City as a whole. They include all funds of the reporting entity except for fiduciary funds and distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Government-wide financial statements (continued):

The statement of activities presents a comparison between expenses and program revenue for each function of the City's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements:

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

- a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or inconsistency) may be reported as a major fund.

Fund types used by the City and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services. The City uses the following governmental funds:

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

General fund:

The General Fund is the primary operating fund of the City and is always classified as a major fund.

It is used to account for and report 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than capital projects.

The City's major special revenue fund is the school unrestricted fund. Funds from the United States Department of Housing and Urban Development (HUD) restricted for the acquisition of or assistance with urban development projects are accounted for and reported in special revenue funds (HUD funds).

Capital projects funds:

Capital projects funds are used to account for and report financial resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items.

Permanent funds:

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

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

Fiduciary funds:

Fiduciary funds are used to report assets held by the City in a trustee or agency capacity and, therefore, cannot be used to support the City's own programs. The following fiduciary funds are used by the City:

Agency funds:

Agency funds account for assets held by the City in a purely custodial capacity. The City has five 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 for the City are those funds relating to the Student Activity Funds.

Pension trust fund:

The pension trust fund is used to account for contributions made by the City and its participating employees to provide retirement benefits to participating employees.

Major funds:

The City's major funds are as follows:

Fund	Brief Description
<i>Governmental:</i>	
General Fund	The primary operating fund of the City used to account for and report all activities except those legally or administratively required to be accounted for in other funds.
School Unrestricted Fund	This fund is used to report all financial transactions of the Pawtucket School Department, except those legally or administratively required to be accounted for in other funds.
<i>Proprietary:</i>	
School Lunch Fund	This fund accounts for lunch operations at all the schools.
Water Supply Board	This fund accounts for the City's water system.
175 Main Street	This fund accounts for the renting of an office building.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (typically sixty days). Revenues not considered to be available are recorded as deferred inflows. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals and hotel taxes collected by the State of Rhode Island (the State) on behalf of the City, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided there is a valid claim. Prior to expenditure, proceeds are recorded as unearned revenue.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Property taxes:

Property taxes are recognized as revenue in the year they are levied and become available. The City's fiscal year 2014 property taxes were levied in July 2013 on assessed valuation as of December 31, 2012. Upon levy, taxes are billed quarterly and are due on July 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in a lien on the taxpayer's property. Assessed values are established by the Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles. The most recent assessment of all real estate was completed as of December 31, 2012.

Rhode Island general laws restrict the City's ability to increase its total tax levy by more than 4.00% over that of the preceding fiscal year.

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Deferred inflows and outflows of resources:

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Deferred inflows and outflows of resources (continued):

At June 30, 2014, the City has deferred inflows of resources, as shown on the Balance Sheet – Governmental Funds, in the amount of \$9,621,110 related to property taxes receivable for payments not received within 60 days after year-end. At June 30, 2014, the City has deferred outflows of resources, as shown on the Statement of Net Position – Proprietary Funds, attributable to the Water Supply Board in the amount of \$160,740 related to deferred losses on refunding bonds, determined as the difference between the reacquisition price and net carrying amount of the refunded debt. The deferred loss is amortized over the remaining life of the old debt, prior to refunding, or the life of the new debt, whichever is shorter, using the effective interest method.

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. The significant estimates included in the financial statements relate to the allowance for uncollectible taxes receivable, incurred but not reported claims expenses, and the assumptions used in the actuarial valuations to determine the required contribution to fund the police and firefighters pension plan and other postemployment benefits, and the related pension and other postemployment benefit obligations recorded on the government-wide statement of net position. Actual results could differ from those estimates.

Recent accounting pronouncements:

Effective for the fiscal year ended June 30, 2014, the City adopted the provisions of Statement No. 65 of the GASB, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 requires that certain items no longer be reported in statements of net position since they do not meet the definition of either assets, liabilities, deferred outflows of resources or deferred inflows of resources. In addition, GASB 65 requires that certain items previously reported as assets and liabilities be reported as deferred inflows or outflows of resources. As required by GASB 65, effective July 1, 2013, financing costs are expensed as incurred. Previously, financing costs were deferred and amortized using the straight-line method over the life of the related debt. Due to the adoption of GASB 65, the City restated its 2013 financial statements, resulting in a decrease in net position of \$322,809 for governmental activities and \$2,204,115 for business-type activities as of July 1, 2013. For 2014, the adoption of GASB 65 resulted in an increase in net position of \$154,877. In addition, deferred loss on advance refundings of debt are now presented as a deferred outflow of resources instead of as an offset to bonds payable.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

Effective for the fiscal year ended June 30, 2014, the City also adopted Statement No. 67 of the GASB, *Financial Reporting for Pension Plans* (GASB 67). This Statement replaces the requirements of Statement Nos. 25 and 50, as they relate to pension plans administered through trusts or equivalent arrangements. The City has included enhanced note disclosures and schedules of required supplementary information, including information on changes in net pension liabilities from year to year, in accordance with GASB 67.

Effective for the fiscal year ending June 30, 2015, the City will adopt the provisions of Statement No. 68 of the GASB, *Accounting and Financial Reporting for Pensions* (GASB 68) which establishes standards for governmental employer recognition, measurement, and presentation of information about pension plans administered through trusts or equivalent arrangements. The City is currently evaluating the effects of GASB 68 on its financial statements.

Cash and equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns.

Interfund transactions:

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Interfund transactions (continued):

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due from/to other funds" (current portion) or "advances from/to other funds" (noncurrent portion). All other outstanding balances between funds are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital assets:

The accounting treatment for capital 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.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

The City defines capital assets as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The assets of the Water Supply Board, an enterprise fund, are used as collateral for water improvement revenue bonds.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method.

CITY OF PAWTUCKET, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Capital assets (continued):

The range of estimated useful lives by type of asset is as follows:

Autos and information processing equipment	5
Trucks	8
Equipment, furniture and fixtures	10
Heavy equipment	25
Buildings, infrastructure, water lines and fire hydrants	39 1/2
Sewer mains and certain water assets	75-100

Capital assets acquired by governmental funds are accounted for as capital outlay expenditures.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are closed out and reevaluated at the beginning of the following fiscal year.

Compensated absences:

Under the terms of various contracts and agreements, City employees are granted vacation and sick leave in varying amounts based on length of service. The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

In past years and in future fiscal years, the general fund has been used to liquidate the liability for compensated absences in governmental funds other than proprietary funds.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Long-term obligations:

In the government-wide financial statements, long-term debt and other long-term obligations (including compensated absences) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the related debt using the effective interest method.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

Judgments and claims:

Liabilities for legal cases and other claims against governmental funds are recorded when the ultimate liability can be estimated and such cases are expected to be liquidated with expendable available financial resources. Proprietary fund types record these liabilities using the accrual basis of accounting.

Bond issuance costs:

As a result of adopting GASB 65, bond issuance costs are recognized as expenses/expenditures in the current period.

Unearned revenue:

Unearned revenue represents funds received in advance of being earned or receivables which will be collected and included in revenues of future fiscal years. In the HUD Special Revenue Fund, unearned revenue relates to amounts expected to be received in future periods as part of a loan program.

Self-insurance:

The City's self-insurance costs for health and dental liabilities are accounted for in the City's internal service fund. Claims incurred but not paid, including those which have not been reported, are accounted for as expenses and accrued claims in those funds when a liability has been incurred.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Net position:

In the government-wide financial statements, the City's net position has been segregated into the following three components:

Net investment in capital assets – represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position

Fund balance:

In the governmental fund financial statements, fund equity is classified as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as described below:

Nonspendable – the amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to remain intact.

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – amounts constrained to specific purposes by the City, using its highest level of decision-making authority. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment. This constraint must be imposed prior to the fiscal year-end, but the specific amount may be determined at a later date.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies (continued):

Fund balance (continued):

Assigned – the amounts that are intended by the City to be used for specific purposes, but are neither restricted nor committed.

Unassigned – amounts available for any purpose. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

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

2. Budgetary data and budgetary compliance:

Prior to the passage of the annual budget ordinance, the City Council adopts a capital program and capital budget. The capital budget ordinance shows in detail the capital expenditures intended to be made or incurred in the next fiscal year that are to be financed from bond proceeds. These funds are subject to control or appropriation by the Council and must be in full conformity with that part of the capital program applicable to the year which it covers. The Council may amend the capital budget ordinance, but no amendment is valid which does not conform to the capital program. At least 25 days prior to the end of the fiscal year, the budget is legally adopted.

Legal debt margin:

The City's legal debt margin as set forth by State Statute is limited to 3% of total net assessed property value, which totals \$3,575,582,764 based on the December 31, 2012 assessment. As of June 30, 2014, the City's debt subject to the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2 totaled \$7,200,523. All other City debt is exempt as it has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Stewardship, compliance, and accountability:

Donor-restricted endowments:

The City has received certain endowments for Library and Cemetery maintenance, which are reflected in net position restricted for trust agreements. Investment income is approved for expenditure by the various boards of the benefiting activities and is included in nonspendable fund balance.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

4. Capital assets:

Capital asset activity for the year ended June 30, 2014 was as follows:

	Primary Government			Ending balances
	Beginning balance	Increases	Decreases	
Governmental activities:				
Non-depreciable assets:				
Land	\$ 21,867,850	\$ -	\$ -	\$ 21,867,850
Construction in progress	-	1,252,468		1,252,468
Total capital assets not being depreciated	<u>21,867,850</u>	<u>1,252,468</u>	<u>-</u>	<u>23,120,318</u>
Depreciable assets:				
Buildings and improvements	80,665,466	3,317,927		83,983,393
Motor vehicles	15,724,345	2,311,305	2,031,246	16,004,404
Machinery, equipment, and furniture	7,922,771	60,885		7,983,656
Infrastructure	121,999,193			121,999,193
Total depreciable assets	<u>226,311,775</u>	<u>5,690,117</u>	<u>2,031,246</u>	<u>229,970,646</u>
Less accumulated depreciation for:				
Buildings and improvements	37,890,321	2,389,118		40,279,439
Motor vehicles	13,728,628	749,439	1,960,060	12,518,007
Machinery, equipment, and furniture	6,528,424	359,034		6,887,458
Infrastructure	49,053,186	1,814,566		50,867,752
Total accumulated depreciation	<u>107,200,559</u>	<u>5,312,157</u>	<u>1,960,060</u>	<u>110,552,656</u>
Capital assets being depreciated, net	<u>119,111,216</u>	<u>377,960</u>	<u>71,186</u>	<u>119,417,990</u>
Governmental activities capital assets, net	<u>\$ 140,979,066</u>	<u>\$ 1,630,428</u>	<u>\$ 71,186</u>	<u>\$ 142,538,308</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative	\$ 116,385
Finance	15,307
Planning	979,049
Public Safety	2,586,467
Public Works	135,865
Education	1,479,084
	<u>\$ 5,312,157</u>

Construction commitments for governmental activities total \$1,126,514 at June 30, 2014.

(continued)

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

4. Capital assets (continued):

	Primary Government			Ending balances
	Beginning balance	Increases	Decreases	
Business-type activities:				
Non-depreciable assets:				
Land	\$ 5,784,856	\$ 11,544		\$ 5,796,400
Construction in progress	14,638,023	6,856,612	\$ 11,923,955	9,570,680
Total non-depreciable assets	20,422,879	6,868,156	11,923,955	15,367,080
Depreciable assets:				
Structures and improvements	68,005,403	2,461,764		70,467,167
Transmission and distribution	87,748,142	9,462,191		97,210,333
Equipment	5,321,658			5,321,658
Buildings	625,000			625,000
Building improvements	3,447,919			3,447,919
Total depreciable assets	165,148,122	11,923,955	-	177,072,077
Less accumulated depreciation for:				
Structures and improvements	11,874,216	1,258,500		13,132,716
Transmission and distribution	16,498,073	1,288,123		17,786,196
Equipment	4,868,023	94,283		4,962,306
Buildings	107,957			107,957
Building improvements	1,712,638	135,852		1,848,490
Total accumulated depreciation	35,060,907	2,776,758	-	37,837,665
Capital assets being depreciated, net	130,087,215	9,147,197	-	139,234,412
Business-type activities capital assets, net	\$ 150,510,094	\$ 16,015,353	\$ 11,923,955	\$ 154,601,492

Depreciation expense was charged to functions as follows:

Business-type activities:	
Water Supply Board	\$ 2,640,906
157 Main Street	135,852
	<u>\$ 2,776,758</u>

Construction in progress relates to construction of a new transmission and distribution operations center and annual water main replacement contracts to complete the restoration of the water transmission and distribution system. These and other projects will be funded from bond proceeds available from bonds issued in prior years and rate revenue restricted for infrastructure improvements.

The PWSB has the following commitments related to construction project contracts at June 30, 2014:

Main Replacement Contract MR-8	\$ 926,800
Main Replacement Contract MR-9	2,525,953
T&D Operations Center Architect Services	17,544
	<u>\$ 3,470,297</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

5. Deposits and investments:

Cash and cash equivalents:

At June 30, 2014, deposits are categorized as follows:

	<u>Insured</u>	<u>Collateralized</u>	<u>Uncategorized</u>	<u>Total bank balance</u>	<u>Carrying amount</u>
Demand deposits	\$ 2,525,690	\$ 47,370,178	\$ 3,727,731	\$ 53,623,599	\$ 51,998,054

Restricted cash consists of funds deposited by PWSB into restricted debt service accounts to be used for future debt service payments, as required under loan agreements with the Rhode Island Clean Water Finance Agency.

Investments:

Investments of all idle funds are made through national banks or trust companies, providing that the financial conditions and integrity of the institutions are verifiable and can be monitored. The investment of funds must be in direct obligations of the United States Government and “money market instruments” rated “A” or better. Investments in any one institution cannot exceed 5% of that institution’s capital and surplus as set forth in the institution’s most recent audited financial statements.

Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

The City’s investment policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

The City’s cash, cash equivalents and investments, including the Pension Trust Fund, are as follows:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 51,998,054
Investments:	
U.S. Government and agency obligations	20,689,816
U.S. Treasuries	3,566,052
Corporate bonds	4,869,187
Mutual funds	702,249
Common stocks	69,521,856
Certificate of deposit	<u>107,986</u>
Total investments	<u>99,457,146</u>
Total cash and investments	<u>\$ 151,455,200</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

5. Deposits and investments (continued):

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.

The City 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. This policy prevents the need to sell securities on the open market prior to maturity. The City invests operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

Credit risk:

Credit risk, which is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment, 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 City has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Rhode Island or political subdivision.

Information about the exposure of the City's debt-type investments to interest rate and credit risk, using the segmented time distribution model, is as follows:

Type of investment	Moody's rating	Less than 1 year	1-10 Years	Over 10 years
U.S. Government and Agency Obligations	Not available		\$ 2,689,972	\$ 4,164,644
	Aaa	\$ 3,853,775	7,840,582	2,140,843
U.S. Treasuries	Aaa	3,566,052		
Domestic corporate bonds	Not available		246,038	
	Aaa			373,706
	Aa3		858,559	395,496
	A1		892,346	
	A2		244,440	
	A3		651,389	
	Baa1		511,045	169,571
	Baa2		250,996	275,601
		\$ 7,419,827	\$ 14,185,367	\$ 7,519,861

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

5. Deposits and investments (continued):

Custodial credit risk:

Custodial credit risk for deposits 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. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The City does not believe that it has significant custodial credit risk with regard to its investments as substantially all investment securities are registered and held in the name of the City.

6. Property taxes:

The City is permitted by State law to levy property taxes. Current tax collections for the City were approximately 95% of the total December 31, 2012 levy.

For the year ended June 30, 2014, the City used a tax rate of \$30.88 per thousand for commercial real property, \$23.06 per thousand for residential real property, \$53.30 per thousand for motor vehicles, and \$52.09 per thousand for tangible personal property.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events:

Changes in long-term obligations during the year ended June 30, 2014 were as follows:

	Balance, June 30, 2013 (restated)	Additions	Retirements	Balance, June 30, 2014	Due within one year
Governmental activities:					
Bonds and loan payable:					
Bonds payable	\$ 34,932,585	\$ 85,000	\$ 3,505,475	\$ 31,512,110	\$ 2,725,400
Loan payable	310,000		40,000	270,000	40,000
Total bonds and loan payable	35,242,585	85,000	3,545,475	31,782,110	2,765,400
Bond premium	71,033	-	52,719	18,314	
	35,313,618	85,000	3,598,194	31,800,424	2,765,400
Other liabilities:					
Capital leases	7,466,002	68,667	1,218,553	6,316,116	826,942
Less undrawn proceeds	(3,117,500)		(3,117,500)	-	
Compensated absences	7,208,244	557,033	-	7,765,277	776,528
Total other liabilities	11,556,746	625,700	(1,898,947)	14,081,393	1,603,470
Total long-term obligations	\$ 46,870,364	\$ 710,700	\$ 1,699,247	\$ 45,881,817	\$ 4,368,870
Business-type activities:					
Bonds, notes and loans payable:					
Bonds and loans payable	\$ 106,808,411	\$ -	\$ 4,152,522	\$ 102,655,889	\$ 4,239,600
Notes payable – 175 Main Street	875,414	8,993		884,407	-
Less undrawn proceeds	(9,147,186)		(3,992,084)	(5,155,102)	
Total bonds and loans payable	98,536,639	8,993	160,438	98,385,194	4,239,600
Bond premiums	317,841		13,820	304,021	
	98,854,480	8,993	174,258	98,689,215	4,239,600
Other liabilities:					
Compensated absences	794,652	13,810	-	808,462	80,846
Total other liabilities	794,652	13,810	-	808,462	80,846
Total long-term obligations	\$ 99,649,132	\$ 22,803	\$ 174,258	\$ 99,497,677	\$ 4,320,446

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events (continued):

Payments on all long-term debt and other long-term liabilities that pertain to the City's governmental activities are made by the General Fund and School Unrestricted Fund.

On June 23, 2011, the City Council approved an ordinance authorizing the City to use accumulated funds for the Pawtucket School Department deficit reduction plan in fiscal year 2011. This ordinance allowed the City to transfer accumulated fund balances in various funds to the City's General Fund. The Cemetery Perpetual Care permanent fund transferred \$500,000 to the General Fund, \$350,000 of which was deemed a loan that shall be repaid to the permanent fund in equal annual payments of \$40,000 for a period of ten years beginning in fiscal year 2013. This loan payable, in the amount of \$270,000, is included in the government-wide long-term obligations.

Balances as of July 1, 2013 were restated principally to present long-term obligations of the business-type activities net of undrawn loan proceeds. Previously, such amounts were reported as intergovernmental receivable on the statements of net position.

The City entered into an agreement with the Rhode Island Clean Water Finance Agency (RICWFA) in August 2014 for a road and bridge fund loan in the amount of \$3,500,000. Principal and interest payments commence on September 1, 2015 with a maturity date of September 1, 2034. Annual interest rates range between 0.64% and 2.97%.

The City entered into an agreement with the Rhode Island Health and Educational Building Corporation (RIHEBC) in October 2014 for a series of revenue bonds in the amount of \$8,000,000. Principal and interest payments commence on May 15, 2015 with a maturity date of May 15, 2034. Annual interest rates range between 2.00% and 4.00%.

The City entered into an agreement for a series of General Obligation Bonds totaling \$6,000,000 in November 2014. Principal and interest payments commence on November 1, 2015 with a maturity date of November 15, 2034. Annual interest rates range between 2.00% and 5.00%.

The City entered into an agreement for a series of General Obligation Bonds totaling \$7,685,000 in November 2014. Principal and interest payments commence on July 1, 2015 with a maturity date of July 1, 2025. Annual interest rates range between 2.00% and 4.00%.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events (continued):

Debt service through maturity for governmental activities bonds and notes (excluding capital leases) is as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 2,765,400	\$ 1,307,617	\$ 4,073,017
2016	2,756,734	1,202,918	3,959,652
2017	2,845,438	1,094,778	3,940,216
2018	2,909,626	985,936	3,895,562
2019	2,973,912	871,841	3,845,753
2020-2024	10,006,000	2,920,018	12,926,018
2025-2029	6,925,000	903,926	7,828,926
2030	600,000	14,250	614,250
	<u>\$ 31,782,110</u>	<u>\$ 9,301,284</u>	<u>\$ 41,083,394</u>

Debt service through maturity for business-type activities bonds and notes is as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 4,239,600	\$ 3,466,131	\$ 7,705,731
2016	4,706,266	3,397,463	8,103,729
2017	4,801,408	3,283,499	8,084,907
2018	5,008,830	3,179,448	8,188,278
2019	5,160,078	3,047,791	8,207,869
2020-2024	28,169,347	12,966,518	41,135,865
2025-2029	26,043,411	8,349,923	34,393,334
2030-2034	18,312,055	3,829,652	22,141,707
2035-2039	6,900,450	368,265	7,268,715
2040-2044	198,851	10,909	209,760
	<u>\$ 103,540,296</u>	<u>\$ 41,899,599</u>	<u>\$ 145,439,895</u>

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events (continued):

	Date of Issuance	Interest Rate	Date of Maturity	Authorized	Outstanding June 30, 2013 (restated)	Additions	Maturities During the Year	Outstanding June 30, 2014	Interest Paid
Governmental Activities:									
General Obligation Bonds Payable:									
School & Public Improvement Refunding Bond	10/15/2002	2% - 4%	4/15/2014	\$ 8,892,387	\$ 883,416	\$ -	\$ 883,416	\$ -	\$ 35,337
School & Public Improvement Bond	7/1/2001	4% - 6%	7/1/2021	11,395,000	5,010,600	85,000	580,400	4,515,200	206,331
School & Public Improvement Bond	4/14/2010	3.36%	7/1/2018	7,593,349	5,403,569		876,659	4,526,910	166,832
School & Public Improvement Bond	7/1/2005	3.25% - 5%	7/1/2025	13,300,000	9,985,000		570,000	9,415,000	410,381
School Bond	6/27/2006	4% - 5%	4/1/2010	1,500,000	1,115,000		65,000	1,050,000	52,025
School & Public Improvement Bond	7/1/2009	2% - 4.75%	7/15/2029	8,200,000	7,320,000		310,000	7,010,000	306,975
School & Public Improvement Bond	6/15/2009	2.5% - 6.25%	4/1/2029	6,000,000	5,215,000		220,000	4,995,000	275,375
Cemetery Perpetual Care Loan	6/23/2011	0%	7/23/2021	350,000	310,000		40,000	270,000	-
				<u>57,230,736</u>	<u>35,242,585</u>	<u>85,000</u>	<u>3,545,475</u>	<u>31,782,110</u>	<u>1,453,256</u>
Notes Payable, Bond Premiums, Capital Leases, Compensated Absences									
Bond Premiums				N/A	71,033		52,719	18,314	
Capital Leases				N/A	7,466,002	68,667	1,218,553	6,316,116	277,798
Less undrawn proceeds held by bank					(3,117,500)	-	(3,117,500)	-	
				<u>-</u>	<u>4,419,535</u>	<u>68,667</u>	<u>(1,846,228)</u>	<u>6,334,430</u>	<u>277,798</u>
Total Governmental Activities Long-term Obligations				<u>57,230,736</u>	<u>39,662,120</u>	<u>153,667</u>	<u>1,699,247</u>	<u>38,116,540</u>	<u>1,731,054</u>
Business-type Activities:									
Bonds, Notes and Loans Payable:									
Water Fund:									
Water Debt Refunding Bond	10/15/2002	2.0% - 4.0%	4/15/2004	267,613	26,584		26,580	4	1,063
Water System Improvement Bond	7/1/2001	4.0% - 6.0%	7/1/2021	385,000	169,400		19,600	149,800	7,681
Water System Improvement Bond	4/14/2010	3.36%	7/1/2018	336,651	241,427		38,342	203,085	7,468
RI Clean Water Finance Agency Bonds	12/17/2003	5.00%	9/1/2035	19,340,000	19,340,000			19,340,000	967,000
RI Clean Water Finance Agency Bonds	12/17/2003	6.00%	9/1/2035	7,655,000	7,655,000			7,655,000	459,300
RI Clean Water Finance Agency Bonds	3/11/2004	2.0% - 5.0%	9/1/2024	41,875,000	30,361,000		2,126,000	28,235,000	827,080
RI Clean Water Finance Agency Bonds	3/23/2005	2.0% - 5.0%	9/1/2027	31,909,000	25,728,000		1,344,000	24,384,000	765,003
RI Clean Water Finance Agency Bonds	11/19/2009	.86-4.72%	9/1/2030	5,935,000	5,491,000		227,000	5,264,000	131,753
RI Clean Water Finance Agency Bonds	11/4/2011	1.12-3.71%	9/1/2031	7,485,000	7,197,000		293,000	6,904,000	205,541
RI Clean Water Finance Agency Bonds	6/14/2012	.53-3.33%	9/1/2032	1,955,000	1,954,000		77,000	1,877,000	41,784
RI Clean Water Finance Agency Bonds	5/14/2013	.37%-2.83%	9/1/2034	8,645,000	8,645,000		1,000	8,644,000	46,498
Less undrawn loan proceeds held by the state					(9,147,186)		(3,992,084)	(5,155,102)	
Total Water Fund				<u>125,788,264</u>	<u>97,661,225</u>	<u>-</u>	<u>160,438</u>	<u>97,500,787</u>	<u>3,460,171</u>
175 Main Street:									
Note Payable	1/29/2014	2.00%	2/1/2044	1,800,000	875,414	8,993	-	884,407	25,589
Total 175 Main Street				<u>1,800,000</u>	<u>875,414</u>	<u>8,993</u>	<u>-</u>	<u>884,407</u>	<u>25,589</u>
Other Liabilities:									
Water Fund:									
Bond Premiums				-	317,841		13,820	304,021	-
Total Other Liabilities				<u>-</u>	<u>317,841</u>	<u>-</u>	<u>13,820</u>	<u>304,021</u>	<u>-</u>
Total Business-type Activities Long-Term Obligations				<u>127,588,264</u>	<u>98,854,480</u>	<u>8,993</u>	<u>174,258</u>	<u>98,689,215</u>	<u>3,485,760</u>
Total Bonds, Notes and Capital Leases				<u>\$ 184,819,000</u>	<u>138,516,600</u>	<u>162,660</u>	<u>1,873,505</u>	<u>136,805,755</u>	<u>5,216,814</u>
Accrued Expenses:									
Compensated absences					8,002,896	570,843	-	8,573,739	-
Total Accrued Expenses					<u>8,002,896</u>	<u>570,843</u>	<u>-</u>	<u>8,573,739</u>	<u>-</u>
Total Long-term Obligations					<u>\$ 146,519,496</u>	<u>\$ 733,503</u>	<u>\$ 1,873,505</u>	<u>\$ 145,379,494</u>	<u>\$ 5,216,814</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events (continued):

The following represents debt service requirements to maturity for governmental activities (excluding capital leases):

Fiscal Year Ended June 30,	Percentage to Maturity	Principal	Interest	Total Debt Service
2015	9.91%	\$ 2,765,400	\$ 1,307,617	\$ 4,073,017
2016	9.64%	2,756,734	1,202,918	3,959,652
2017	9.59%	2,845,438	1,094,778	3,940,216
2018	9.48%	2,909,626	985,936	3,895,562
2019	9.36%	2,973,912	871,841	3,845,753
2020	6.94%	2,082,000	769,714	2,851,714
2021	6.87%	2,147,000	675,035	2,822,035
2022	6.75%	2,197,000	576,964	2,773,964
2023	5.45%	1,750,000	489,857	2,239,857
2024	5.45%	1,830,000	408,448	2,238,448
2025	5.47%	1,925,000	321,851	2,246,851
2026	5.47%	2,015,000	234,175	2,249,175
2027	2.70%	945,000	164,013	1,109,013
2028	2.71%	995,000	117,056	1,112,056
2029	2.71%	1,045,000	66,831	1,111,831
2030	1.50%	600,000	14,250	614,250
		<u>\$ 31,782,110</u>	<u>\$ 9,301,284</u>	<u>\$ 41,083,394</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

7. Long-term obligations and subsequent events (continued):

The following represents debt service requirements to maturity for business-type activities:

Fiscal Year Ended June 30,	Percentage to Maturity	Principal	Interest	Total Debt Service
2015	5.30%	\$ 4,239,600	\$ 3,466,131	\$ 7,705,731
2016	5.57%	4,706,266	3,397,463	8,103,729
2017	5.56%	4,801,408	3,283,499	8,084,907
2018	5.63%	5,008,830	3,179,448	8,188,278
2019	5.64%	5,160,078	3,047,791	8,207,869
2020	5.63%	5,278,535	2,908,103	8,186,638
2021	5.64%	5,449,091	2,760,053	8,209,144
2022	5.66%	5,630,658	2,602,588	8,233,246
2023	5.67%	5,803,236	2,435,937	8,239,173
2024	5.68%	6,007,827	2,259,837	8,267,664
2025	5.70%	6,220,429	2,073,503	8,293,932
2026	4.85%	5,178,043	1,877,807	7,055,850
2027	4.86%	5,393,669	1,673,055	7,066,724
2028	4.87%	5,630,309	1,457,492	7,087,801
2029	3.36%	3,620,961	1,268,066	4,889,027
2030	3.37%	3,794,626	1,105,963	4,900,589
2031	3.38%	3,974,305	935,440	4,909,745
2032	3.09%	3,736,997	762,030	4,499,027
2033	2.73%	3,382,703	594,977	3,977,680
2034	2.65%	3,423,424	431,242	3,854,666
2035	2.65%	3,589,159	261,354	3,850,513
2036	2.26%	3,192,909	90,508	3,283,417
2037	0.03%	38,675	6,248	44,923
2038	0.03%	39,455	5,473	44,928
2039	0.03%	40,252	4,682	44,934
2040	0.03%	41,064	3,875	44,939
2041	0.03%	41,893	3,051	44,944
2042	0.03%	42,738	2,211	44,949
2043	0.03%	43,601	1,354	44,955
2044	0.02%	29,555	418	29,973
		\$ 103,540,296	\$ 41,899,599	\$ 145,439,895

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

8. Bond anticipation notes:

At June 30, 2013, the City had a BAN payable dated August 23, 2012 in the amount of \$8,300,000 with interest at an annual rate of 2.85%. The note was rolled into a new BAN in November 2013 in the amount of \$12,400,000. The new note is due in November 2014 with interest at an annual rate of 2.50%.

<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2014</u>
<u>\$ 8,300,000</u>	<u>\$ 12,400,000</u>	<u>\$ 8,300,000</u>	<u>\$ 12,400,000</u>

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

9. Accounts payable and accrued expenses:

	Vendors	Other governments	Employees	Others	Accrued interest	Total
Governmental activities:						
General Fund	\$ 625,614	\$ 152,220	\$ 884,214	\$ 524,835		\$ 2,186,883
School Unrestricted Fund	1,922,528	7,357	303,517			2,233,402
Nonmajor funds	3,073,973	47,912	156,761			3,278,646
Internal Service Fund	2,886,413					2,886,413
Reconciliation of balances in fund financial statements to government-wide financial statements					\$ 748,919	748,919
	<u>8,508,528</u>	<u>207,489</u>	<u>1,344,492</u>	<u>524,835</u>	<u>748,919</u>	<u>11,334,263</u>
Business-type activities:						
Pawtucket Water Supply Board	1,298,544	-	75,422		1,290,520	2,664,486
175 Main Street	11,507					11,507
School Lunch Fund	324,761		2,220			326,981
	<u>1,634,812</u>	<u>-</u>	<u>77,642</u>	<u>-</u>	<u>1,290,520</u>	<u>3,002,974</u>
Total primary government	<u>\$ 10,143,340</u>	<u>\$ 207,489</u>	<u>\$ 1,422,134</u>	<u>\$ 524,835</u>	<u>\$ 2,039,439</u>	<u>\$ 14,337,237</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Fund equity:

The City has classified governmental fund balances at June 30, 2014 as follows:

Nonspendable:	
Perpetual care and endowment permanent funds	\$ 1,115,809
City special revenue funds	<u>59,637</u>
Total nonspendable fund balance	<u>\$ 1,175,446</u>
Restricted:	
Restricted for City special revenue funds	\$ 1,759,047
Restricted for HUD special revenue funds	854,152
Restricted for school special revenue funds	202,847
Restricted for capital project funds	<u>1,288,638</u>
Total restricted fund balance	<u>\$ 4,104,684</u>
Committed:	
Committed for charter reserve	\$ 700,000
Committed for school's deficit reduction	511,461
Committed for City special revenue funds	<u>1,411,133</u>
Total committed fund balance	<u>\$ 2,622,594</u>
Assigned:	
Assigned for medical reservation	\$ 2,018,399
Assigned for snow removal	150,000
Assigned for revaluation	437,001
Assigned for City special revenue funds	<u>23,183</u>
Total assigned fund balance	<u>\$ 2,628,583</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Fund equity (continued):

Individual funds with deficit fund balances as of June 30, 2014 were as follows:

Fund name	Balance
HUD Special Revenue Funds:	
Visitors Center City	\$ 15,189
School Special Revenue Funds:	
Luke Charitable Fund	494
Adult Ed	23
JMW Assembly Grant	280
Wireless Classroom Grant	450,592
Title IV 21 Century COH	1
Capital Projects Funds:	
Streets and Sidewalks – 2008	500,000
Streets and Sidewalks – 2010	826,282
Streets and Sidewalks – 2012	500,000
Public Building – 2008	312,112
Public Building – 2012	104,873
Recreation	146,868
Sewer and Sanitary System – 2008	150,000
Sewer and Sanitary System – 2010	298,477
Sewer and Sanitary System – 2012	13,386
School Building – 2008	1,442,878
School Building – 2010	2,898,685
School Building – 2012	232,881
Road and Traffic Control	8,246
Bridges	67,669
Leap 1 Federal And State	1,090
Leap 2 State	13,802
Total	<u>\$ 7,983,828</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

10. Fund equity (continued):

The City has a deficit reduction plan to address the School Unrestricted Fund deficit, which includes additional appropriations from the City's General Fund for a period of time. Deficits in the Capital Projects Funds will be funded through the issuance of general obligation bonds in fiscal year 2015. The deficits in the School Special Revenue Funds will be funded from the School Unrestricted Fund and grants received from the Rhode Island Department of Education.

11. Interfund transactions:

The principal purpose of interfund transfers is to provide a financing source to various funds that may not be sufficient to cover all costs with revenue generated by the fund.

Interfund receivables and payables at June 30, 2014 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental funds:		
General Fund	Nonmajor funds	\$ 2,010,928
Enterprise funds:		
General fund	Pawtucket Water Supply Board	2,746,581
	School lunch fund	160,029
		<u>\$ 4,917,538</u>

The composition of interfund transfers for the year ended June 30, 2014 is as follows:

Fund/Department	Transfers to other funds	Transfers from other funds
General fund	\$ 30,898,197	\$ 164,531
Internal service fund	134,152	
School unrestricted fund		30,646,274
City special revenue funds	217,590	458,182
HUD special revenue funds	631,077	631,077
Capital projects funds	14,394	14,475
Permanent fund	19,189	60
	<u>\$ 31,914,599</u>	<u>\$ 31,914,599</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

12. Bonds authorized but unissued:

Bonds authorized but unissued at June 30, 2014 were \$3,900,500, to be used for School Building Improvements, Public Buildings, Recreation, Sewer and Sanitation, Streets and Sidewalks, and Highway and Bridges.

13. Pension plans:

All eligible employees of the City are covered by one of three pension plans: the Municipal Employees' Retirement System of the State of Rhode Island, a hybrid plan with a defined contribution component for certain employees (Municipal Plan); the Employees' Retirement System of Rhode Island (Teachers' Plan); or the Police and Firefighters Pension Plan, a contributory defined benefit plan with two components: the Pre-Fiscal 1974 component (Old Plan) and the Post-Fiscal 1974 component (New Plan). The Municipal Plan covers all full-time City and non-certified School Department general employees not covered under the Police and Firefighters Pension Plan. The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Police and Firefighters Pension Plan is mandatory for employees of the City who are covered under a collective bargaining agreement between the City and the Pawtucket Fire Fighters Independent Union and the City and the Pawtucket Lodge No. 4, Fraternal Order of Police. Total covered payroll under all defined benefit plans during 2014 was \$91,645,628. Total City payroll was \$93,330,935 for the same period.

In November 2011, the State enacted the Rhode Island Retirement Security Act of 2011 (RIRSA), which made broad changes to the Teachers' Plan and Municipal Plan effective July 1, 2012. The most significant changes include changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan; changing the automatic cost of living adjustment (COLA) from a CPI-related formula to a formula contingent on the actual investment performance over time; suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels; and the re-amortization of the Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19-year schedule as of June 30, 2010. For the Teachers' Plan, teachers not covered by Social Security will participate in additional defined contribution allocations equal to 2% member plus 2% employer. Included within these significant changes are certain rules for transitioning from the prior defined benefit structure to the smaller defined benefit plan going forward. The changes in the defined benefit plan instituted by RIRSA have been fully reflected in the actuarial valuation as of June 30, 2012.

Legal challenges to legislatively enacted pension reforms are proceeding through the courts and as of the date of this report are in court-ordered mediation.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Municipal Plan:

Plan description:

The Municipal Plan is an agent multiple-employer public employee retirement system administered by the State. The Employees' Retirement System of Rhode Island (the System) issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org or 50 Service Avenue, Warwick, RI 02886. The payroll for employees covered under the defined benefit portion of the Municipal Plan for the year ended June 30, 2014 was approximately \$18,961,000.

Eligibility and benefits:

The following eligibility and benefit provisions are established by State Statute. The System generally provides retirement benefits equal to 1 percent (2 percent for each year of service prior to July 1, 2012) 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 five 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 five years of service.

Funding policy:

The funding policy is outlined in Rhode Island General Laws (RIGL) sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly). Active members must contribute 2% of their compensation.

The City is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rate for fiscal year 2014 was 14.67%. The City contributed \$2,778,221 during the year ended June 30, 2014, which was equal to its required contribution. General municipal employees were required to contribute \$379,231, which represents 2% of covered payroll.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Municipal Plan (continued):

Annual pension cost:

The following table summarizes employer annual pension costs and percent contributed for the defined benefit portion of the Municipal Plan for the past three years. There was no net pension obligation during the three-year period.

<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>
2012	\$ 1,929,120	100%
2013	\$ 2,471,694	100%
2014	\$ 2,778,221	100%

Funded status and funding progress:

As of June 30, 2013, the date of the most recent actuarial valuation available, the funded status and funding progress were as follows:

Funded ratio	75.9%
Actuarial accrued liability for benefits	\$ 114,292,417
Actuarial value of assets	\$ 86,742,714
Unfunded actuarial accrued liability (UAAL)	\$ 27,549,703
Covered payroll	\$ 18,980,419
UAAL to covered payroll	145.1%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial values of Municipal Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Municipal Plan (continued):

Actuarial methods and significant assumptions:

June 30, 2010 and June 30, 2013 Valuations

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	25 years as of June 30, 2010 22 years as of June 30, 2013
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	4.00% to 8.00%
Inflation	2.75%

Cost of living adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% – the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or three years after retirement. A 2% COLA is assumed after July 1, 2013.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Municipal Plan (continued):

Defined contribution plan:

The municipal employees in the general unit participate in the defined contribution plan of the System as authorized by RIGL Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF and the System. Employees may choose among various investment options available to plan participants. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and the employer are established by RIGL, which are subject to amendment by the General Assembly. Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The funding policy is outlined in RIGL Chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 5% of their compensation and the City is required to contribute 1%. The State reimburses the City .40% of eligible certified teachers' compensation.

The plan members and the City contributed \$2,590,673 and \$527,391, respectively, during the fiscal year ended June 30, 2014. For financial reporting purposes, the State's share of contributions, in the amount of \$190,959 for the year ended June 30, 2014, is reflected as a reduction of related expenditures in the accompanying financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Teachers' Plan:

Plan description:

The Teachers' Plan is a statutory, mandatory, statewide, cost-sharing multiple-employer public employee retirement system administered by the State. The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org or 50 Service Avenue, Warwick, RI 02886.

The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the RIGL. The benefits may be amended by the Rhode Island General Assembly. Legal challenges to legislatively enacted pension reforms are proceeding through the courts and, as of the date of this report, are in court-ordered mediation.

Total covered payroll under the Teachers' Plan during 2014 was \$52,845,196, including \$5,080,753 of federally reimbursed payroll.

Funding policy:

The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of their compensation. The City and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the City with the exception of teachers who work in federally funded programs where 100% is paid by the City and reimbursed by the federal government. For the year ended June 30, 2014, the total employer rate was 20.68% (8.42% State share and 12.26% local share).

The City contributed \$6,905,831 during the year ended June 30, 2014, equal to 100% of the actuarially required contributions for that year. For financial reporting purposes, the State's share of contributions, in the amount of \$4,021,766 for the year ended June 30, 2014, is reflected as on behalf-payments and included as both revenue and expenditures in the accompanying financial statements.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Teachers' Plan (continued):

Annual pension cost:

The following table summarizes employer annual pension costs and percent contributed for the defined benefit portion of the Teachers' Plan for the past three years. There was no net pension obligation during the three-year period.

<u>Fiscal year</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>
2012	\$ 6,248,048	100%
2013	\$ 6,349,887	100%
2014	\$ 6,905,831	100%

Actuarial methods and significant assumptions:

June 30, 2010 and June 30, 2013 Valuations

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	25 years as of June 30, 2010 22 years as of June 30, 2013
Asset Valuation Method	5-Year Smoothed Market

Actuarial Assumptions:

Investment Rate of Return	7.50%
Projected Salary Increases	4.00% to 7.00%
Inflation	2.75%

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Teachers' Plan (continued):

Actuarial methods and significant assumptions (continued):

Cost of Living Adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4%. A 2% COLA is assumed after July 1, 2013.

Police and Firefighters Pension Plan:

The City administers a pension plan for Police and Fire Employees. The plan has two components: the Pre-Fiscal 1974 component (Old Plan) and the Post-Fiscal 1974 component (New Plan). The Old Plan covers police officers who were hired prior to July 1, 1973 and firefighters who were hired prior to July 1, 1972. The New Plan covers all police officers and firefighters who are not covered under the Old Plan. The Old Plan is unfunded while the New Plan is prefunded. The Police and Firefighters Pension Plan does not issue stand-alone financial reports.

Summary of significant accounting policies:

Basis of accounting

The Police and Firefighters Pension Plan is administered by the City, and is accounted for on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits, administration and refunds) are recognized when they are due and payable in accordance with the terms of the plan.

Method used to value investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There are no investments of 5% or greater in any one organization.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Plan Membership:

As of July 1, 2014, the date of the latest actuarial valuation, pension plan membership consisted of the following:

Membership Status	Count
Inactive plan members or beneficiaries currently receiving benefits	344
Inactive plan members entitled to but not yet receiving benefits	39
Active plan members	<u>285</u>
Total	<u><u>668</u></u>

Benefits provided:

The Police (Police) and Firefighters (Firefighters) Pension Plan provides pension benefits, and death and disability benefits. Mandatory retirement age under the Plan is 65.

Police

Upon completion of 20 years of credited service, a member is entitled to retire with a benefit equal to 50% of the member's highest annual salary (Base). Members retiring after 20 years of credited service are entitled to an additional retirement benefit of 3% (2% for Old Plan members) of the member's Base for each year of service over 20 years, but not to exceed an additional 3 years and 4 months (5 years for Old Plan members), with a maximum retirement benefit of 60%.

Firefighters

Members are vested in their benefits after 10 years of service, accruing 2.5% for each year of service up to and including their 20th year, with a maximum benefit equal to 50% of the member's three highest annual salaries (Base). However, a member leaving City employment before serving 20 years will not be entitled to their benefit until their 20th year anniversary from their date of hire. Firefighter members hired before May 1, 2013 retiring after 20 years of credited service are also entitled to an additional retirement benefit of 3% of the member's Base for each year of service over 20 years, but not to exceed an additional 3 years and 4 months, and 2% for each year of service thereafter, with a maximum retirement benefit of 70%. Firefighter members hired after May 1, 2013 retiring after 20 years of credited service are entitled to an additional retirement benefit of 2% of the member's Base for each year of service over 20 years, with a maximum retirement benefit of 70%.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Benefits provided (continued):

Any member that withdraws from service prior to retirement (10 years for Firefighters) is entitled to a refund in a single sum of the amount of contribution made to the plan with interest at 4%. The payment of a refund under the provisions automatically affects a waiver and forfeiture of all accrued rights and benefits on the part of the member.

Employees that become totally and permanently disabled are eligible for a benefit equal to $66\frac{2}{3}\%$ of the employee's pay at the time the disability occurs, plus an additional 10% for each dependent child of the employee until the child reaches the age of 21, with a maximum total disability benefit not to exceed 80% of the employee's pay at the time of the occurrence of the disability. The disability benefit will continue until the employee reaches normal retirement, at which time the member will receive the normal retirement benefit.

In the event that an employee dies prior to retirement and is survived by a spouse or children, the spouse is entitled to a pension benefit equal to 50% (30% for Old Plan members) of the employee's highest or final salary plus an additional 10% for each dependent child less than 21 years of age. The benefit cannot exceed a total of 70% (50% for Old Plan members) of the member's highest or final salary. The benefits will continue during the lifetime of the spouse or until he/she remarries.

Cost of Living Adjustments are equal to 1% to 3% annually depending on the member's date of retirement and collective bargaining agreement the member is covered by.

Contributions:

Employee and Employer contribution requirements are established and may be amended by City Council ordinance or union contract.

Eligible police and fire department employees hired before May 1, 2013 are required to contribute 7.5% of their salary to the plan. Eligible fire department employees hired after May 1, 2013 are required to contribute 9% of their salary to the plan. Eligible fire department employees', hired before May 1, 2013, contributions will increase .5% each fiscal year commencing on July 1, 2014 with a maximum of 9% by July 1, 2016.

The City establishes employer contributions based on an actuarially determined contribution recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2014, the City contributed \$12,911,682 to the Plan.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Investments:

Rate of Return:

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Receivables:

Employer and Employee contributions for the month of June in the current fiscal year are made in July of the following fiscal year and are included in plan assets.

Net pension liability:

The components of the net pension liability at June 30, 2014 were as follows:

	<u>Old Plan</u>	<u>New Plan</u>	<u>Total</u>
Total pension liability	\$ 2,769,443	\$ 238,725,116	\$ 241,494,559
Plan fiduciary net position		<u>(97,220,726)</u>	<u>(97,220,726)</u>
City's net pension liability	<u>\$ 2,769,443</u>	<u>\$ 141,504,390</u>	<u>\$ 144,273,833</u>
Plan fiduciary net position as a percentage of the total pension liability	100%	40.73%	40.26%

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Actuarial assumptions:

Inflation	3.00%
Salary increases	2.00% – 11.00%
Investment rate of return	7.50%, net of pension plan investment expenses

Census data was collected as of July 1, 2013. Liabilities measured as of the census date were projected to June 30, 2014 assuming no demographic gains or losses.

Mortality rates were based on the RP-2000 Combined Generational Mortality Table

The long-term expected rate of return on pension plan investments was determined using a building-block method on which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return and by adding expected inflation. Best estimates of rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014 are summarized in the following table (note that the rates shown below include the inflation component):

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Large Cap Core	6.50%
Domestic Small Cap	5.50%
International Large Cap Value	5.50%
International Equity	6.00%
Fixed Income	6.00%
Domestic Fixed Income	1.50%
Cash	0.50%

Discount rate:

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed the City contributions will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 3.66% would have been used in the development of the blended GASB discount rate after that point. The 3.66% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<u>Old Plan:</u>			
Net Pension Liability	\$ 2,900,639	\$ 2,769,443	\$ 2,650,334
<u>New Plan:</u>			
Net Pension Liability	\$ 172,751,270	\$ 141,504,390	\$ 115,778,080
<u>Total:</u>			
Net Pension Liability	\$ 175,651,909	\$ 144,273,833	\$ 118,428,414

The Schedule of Changes in City's Net Pension Liability and Related Ratios, the Schedule of City Contributions, and the Schedule of Investment Returns are presented as RSI following the notes to the basic financial statements.

Actuarial Assumptions and Methods:

Funding valuation interest rate

7.50% per annum

Interest rate for accounting

7.50% per year, compounded annually. Projected benefit payments that are expected to be paid from available plan assets are discounted at the valuation interest rate of 7.50%. After the point where plan assets are not available to pay benefits, projected benefit payments are discounted at the municipal bond rate. The valuation rate for accounting purposes is the effective rate resulting from this process.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Actuarial Assumptions and Methods (continued):

Municipal bond rate

3.66%. This rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Compensation increase rate

2.00% - 11.00% per annum

Retirement age

Police and Fire Department rates according to the following table:

<u>Years of Service</u>	<u>Percent Retiring</u>
Less than 20	0%
20	25%
21-24	50%
25 or more	100%

100% upon the attainment of age 58 regardless of service

All Others – 100% at the age at which unreduced benefits are first available

Mortality

RP-2000 Combined Generational Mortality Table

Marriage Assumption

90% of males, 75% of females are married, with males four years older than their female spouse

Expenses

Prior year's expenses, rounded to the nearest thousand dollars

Participant Data

Liabilities measured at the census date of July 1, 2014.

Funding Methods:

Actuarial cost method

Entry age normal; the actuarial present value of projected benefits of each individual is allocated on a level basis over the covered salary of the individual between date of hire and assumed date they cease active employment. The portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future entry age normal cost is called the accrued liability.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Actuarial Assumptions and Methods (continued):

Assets

General Account assets are determined at book value. Separate Account assets are determined at market value. The Actuarial Value of assets is determined using a method that spreads over a period of five years the difference between the actual investment income and the expected income (based on the valuation interest rate applied to the prior year's market value of assets).

Accounting

Market value of assets

Changes Since the Prior Valuation

None

Annual pension cost and net pension asset

The City's pension cost and net pension obligation for the year ended June 30, 2014 were:

	<u>Old Plan</u>	<u>New Plan</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 543,355	\$ 12,386,341	\$ 12,929,696
Interest on net pension obligation	67,725	6,690,578	6,758,304
Adjustment to ARC	<u>(164,478)</u>	<u>(4,580,406)</u>	<u>(4,744,884)</u>
Annual pension cost	446,602	14,496,513	14,943,115
Contributions made	<u>(525,341)</u>	<u>(12,386,341)</u>	<u>(12,911,682)</u>
Increase in net pension obligation	(78,739)	2,110,172	2,031,433
Net pension obligation July 1, 2013	<u>860,008</u>	<u>84,959,714</u>	<u>85,819,722</u>
Net pension obligation June 30, 2014	<u>\$ 781,269</u>	<u>\$ 87,069,886</u>	<u>\$ 87,851,155</u>

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Actuarial Assumptions and Methods (continued):

Funding policy:

Old Plan:

All of the Old Plan participants are now retirees or beneficiaries. The City pays the benefits of the Old Plan on a pay-as-you go basis through an annual budgetary appropriation.

Each fiscal year, the City pays into the pension plan a sum equal to the actual benefit payout of the retirement system for the year. As the Old Plan matures, the amounts payable each year, in general, will decrease until paid in full. The City at present is not intending to create a pool of assets to cover these projected costs but rather will allow this plan to run its course. Because there are no active employees in the Old Plan and because of the diminishing contributions and the funds for payment are built into the taxpayer's rate and budget, the plan will not add any additional burden to future taxpayers and, thus, will continue as is until completion.

Schedule of employer contributions:

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 654,915	\$ 578,452	86%	\$ 821,456
2013	\$ 654,915	\$ 523,948	80%	\$ 860,008
2014	\$ 543,355	\$ 525,341	97%	\$ 781,269

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

13. Pension plans (continued):

Police and Firefighters Pension Plan (continued):

Funding policy (continued):

New Plan:

The City is required to contribute at an actuarially determined amount. Administration costs of the plan are financed through investment earnings of the plan's assets and a load on the Normal Cost.

Schedule of employer contributions:

Year Ended June 30	Annual Required Contributions	Actual Contribution	Percentage Contributed	Net Pension Obligation
2012	\$ 10,952,987	\$ 10,154,000	93%	\$ 82,900,684
2013	\$ 11,391,106	\$ 11,391,106	100%	\$ 84,959,714
2014	\$ 12,386,341	\$ 12,386,341	100%	\$ 87,069,886

Funded status of Plan:

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of New Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the New Plan as of July 1, 2014, the date of the latest actuarial valuation.

Actuarial value of assets	\$ 97,220,726
Actuarial accrued liability	\$238,725,116
Unfunded actuarial accrued liability (UAAL)	\$141,504,390
Funded ratio	40.7%
Annual covered payroll	\$ 19,453,527
UAAL as percentage of payroll	727.4%

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

14. Other postemployment benefits:

Plan description:

The City provides post-retirement benefits to retired individuals as required by union contracts with City municipal employees, teachers, School department administrators (through age 65), police officers, and firefighters through a single-employer defined benefit plan (OPEB). Benefits include: (1) full health coverage for the retiree and their spouse, and (2) full dental coverage for the retiree and their spouse. The City obtains a biennial actuarial valuation report which can be obtained from the City's Finance Director at City Hall, 137 Roosevelt Avenue, Pawtucket, Rhode Island 02860.

Valuation:

An actuarial valuation study of the other postemployment benefits of the City was performed by Sherman Actuarial Services, LLC as of July 1, 2013; the results are based on a discount rate of 4.0%.

Covered participants:

At July 1, 2013, membership consisted of:

- Active Non-School Department receiving benefits
- Active School Department receiving benefits
- Inactive vested members
- Retired, disabled, beneficiaries and survivors – Non teachers
- Retired, disabled, beneficiaries and survivors – School Department

Funding policy:

The City paid 100% of the amount for medical and dental costs incurred by eligible retirees. Employee contributions are recognized in the period to which the contribution relates. Benefit payments are charged to expense in the period paid.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

14. Other postemployment benefits (continued):

Annual OPEB cost and net OPEB obligation:

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan for the past three years and the net OPEB obligation as of June 30, 2012, 2013 and 2014 are as follows:

<u>Year ended June 30,</u>	<u>OPEB cost</u>	<u>% of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2012	\$ 19,155,825	68%	\$ 69,854,254
2013	\$ 20,008,292	65%	\$ 76,908,776
2014	\$ 17,850,863	72%	\$ 81,867,496

Actuarial methods and assumptions:

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The valuation of the postemployment medical and life insurance benefits is based upon the projected unit credit actuarial cost method. A normal cost (or service cost) is determined for each year of the member's creditable service and is equal to the value of the future expected benefits divided by the total expected number of years of service. The actuarial accrued liability is the accumulated value of prior normal costs.

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

14. Other postemployment benefits (continued):

Actuarial methods and assumptions (continued):

Actuarial cost method – Costs are attributed between past and future service using the projected Unit Credit Cost method. Benefits are attributed ratably to service from date of hire until full eligibility date.

Interest rate/discount rate – 4.0% per year, net of investment expenses.

Mortality:

Actives – 65% of Post-Retirement Mortality (based on the Employee’s Retirement System of Rhode Island report).

Retirees – Non-Teachers: 1994 Group Annuity Table set forward one year (based on the Employee’s Retirement System of Rhode Island report).

Disabled – All but police and fire: Males: 65% of PBGC Tab Va; Females: 100% of PBGC Table Via (based on the Employee’s Retirement System of Rhode Island report); police and fire: PBGC Table 11 for males and PBGC Table 12 for females.

Eligibility for Vested Post-Retirement Medical benefits upon Withdrawal – Employees who withdraw from employment and do not retire are ineligible for postretirement benefits even if they are vested in their retirement benefits.

Medical eligibility – Employees: 100%; Spouses: 100%.

Participation rates – 95% of future retirees are assumed to participate in the retiree medical plan. 30% of future school retirees are assumed to participate in the dental plan. 90% of future Public Safety retirees are assumed to participate in the dental plan.

Expenses – Administrative expenses are included in the per capita medical cost assumption.

Eligibility for Benefits – Current employees of the City who retire with a benefit from the Pawtucket Retirement Board, as well as their beneficiaries, and retirees of the City, as well as their beneficiaries and spouses, are eligible for benefits. The spouses of current employees are eligible for benefits if the current employees are covered under the police, fire, and teacher plans.

Medical Benefits – Various medical and dental plans offered by the City to its employees.

Retiree Contributions – Based on date provided by the City. Applicable to teachers only.

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

14. Other postemployment benefits (continued):

Funding status and funding progress:

Annual OPEB cost and the net OPEB obligation calculation as of and for the year ended June 30, 2014 are as follows:

Annual required contribution		\$	17,636,868
Interest on OPEB			3,076,351
Adjustment to annual required contribution			<u>(2,862,356)</u>
Annual OPEB cost			17,850,863
Premiums paid			<u>(12,892,143)</u>
Increase (decrease) in net OPEB obligation:			
Governmental activities	\$	4,887,075	
Business-type activities		<u>71,645</u>	4,958,720
Net OPEB obligation, beginning of year			<u>76,908,776</u>
Net OPEB obligation, end of year			<u>\$ 81,867,496</u>

City contributions to the plan for the year ended June 30, 2014 represented 72% of the annual OPEB cost. The difference represents the City's OPEB obligation to the plan and has been accrued as a liability in the government-wide financial statements.

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the OPEB obligation with a valuation date of July 1, 2013, which is the most recent report available from the actuary who values this plan.

Actuarial value of assets		\$	0
Actuarial accrued liability		\$	309,654,000
Unfunded actuarial accrued liability		\$	(309,654,000)
Funded ratio			0%
Annual covered payroll			N/A
UAAL as percentage of payroll			N/A

15. Risk management and contingencies:

Litigation:

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints; it adequately accrues liabilities for losses when they are both probable and can be reasonably estimated.

CITY OF PAWTUCKET, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

15. Risk management and contingencies (continued):

Litigation (continued):

The City is involved in the early stages of litigation with several plaintiffs relating to tax assessment appeals, personal injuries and contract disputes. The outcomes of the cases are not known at this time. Management is rigorously defending the cases and has calculated the range of potential liability, after applying the City's insurance deductible, if the City should not prevail to be between \$-0- and \$1,476,000. As it is not probable that a liability has been incurred, no liability has been recorded in the accompanying financial statements.

Grants:

The City 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 the terms of the grant. City officials believe such disallowances, if any, would be immaterial.

Property and liability insurance:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property and liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the City is insured for a maximum of \$4,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2014. At June 30, 2014, the Trust's estimated reserves on open claims not subject to coverage amounted to approximately \$1,244,000, which the City could be liable for.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

15. Risk management and contingencies (continued):

Self-insurance:

The City maintains an internal service fund for Health/Dental (medical) insurance, which is a cost plus health and dental plan that has a self-insurance mechanism with a stop gap maximum claim amount of \$300,000 per participant.

The claims liability reported in the internal service fund at June 30, 2014 is based on the requirements of GASB Statement Nos. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Billings from the Internal Service Fund to City funds for the fiscal year ended June 30, 2014 were \$32,506,990, which represented \$16,019,393 and \$16,487,597 for City and School Department personnel, respectively. At June 30, 2014, the City has estimated a liability for incurred but not reported claims (IBNR) based on actual claims paid subsequent to year-end but related to claims incurred prior to June 30, 2014. The IBNR liability is included in accounts payable and accrued expenses on the accompanying Internal Service Fund statement of net position, as follows:

	<u>2014</u>
IBNR at June 30, 2013	\$ 1,708,959
Claims incurred during the year	33,196,137
Claims paid during the year	<u>(32,916,822)</u>
IBNR at June 30, 2014	<u>\$ 1,988,274</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGETARY BASIS)
BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
General property taxes and in lieu of taxes	\$ 98,312,724	\$ 98,312,724	\$ 100,514,888	\$ 2,202,164
Intergovernmental	6,850,376	6,850,376	6,125,383	(724,993)
Licenses	237,685	237,685	228,165	(9,520)
Permits	471,100	471,100	636,296	165,196
Fines and forfeitures	345,020	345,020	365,294	20,274
Charges for services	3,553,724	3,553,724	4,003,982	450,258
Investment and interest income	930,000	930,000	1,350,726	420,726
Total revenues	110,700,629	110,700,629	113,224,734	2,524,105
Expenditures:				
Current:				
Legislative, judicial, and general administrative	2,635,824	2,635,824	2,569,415	66,409
Executive	855,983	855,983	858,530	(2,547)
Finance	2,834,211	2,834,211	2,671,958	162,253
Planning	1,616,240	1,616,240	1,607,904	8,336
Public safety	44,371,922	44,371,922	42,721,019	1,650,903
Public works	10,488,859	10,488,859	10,573,002	(84,143)
Operating insurance	1,020,008	1,020,008	849,593	170,415
Contribution support	72,631	72,631	73,517	(886)
Employee benefits	8,223,323	8,223,323	8,078,470	144,853
Other fixed and general charges	1,499,203	1,499,203	1,363,408	135,795
Debt service	6,288,097	6,288,097	6,337,150	(49,053)
Total expenditures	79,906,301	79,906,301	77,703,966	2,202,335
Excess of revenues over expenditures, budgetary basis	30,794,328	30,794,328	35,520,768	4,726,440
Other financing sources (uses):				
Provision to reserve fund balance	(399,019)	(399,019)	(399,019)	-
Transfers in	-	-	164,531	164,531
Transfers out – other	(260,497)	(260,497)	(218,126)	42,371
Transfers out – School Unrestricted Fund - appropriation	(29,623,349)	(29,623,349)	(29,623,349)	-
Transfers out – School Unrestricted Fund - consent order deficit reduction	(511,463)	(511,463)	(1,022,925)	(511,462)
Total other financing sources (uses)	(30,794,328)	(30,794,328)	(31,098,888)	(304,560)
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	4,421,880	\$ 4,421,880
Adjustments of budgetary basis to U.S. GAAP basis			399,019	
Excess of revenues and other financing sources over expenditures and other financing uses, U.S. GAAP basis			4,820,899	
Fund balance, beginning of year			9,739,824	
Fund balance, end of year			\$ 14,560,723	

CITY OF PAWTUCKET, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES (BUDGETARY BASIS)
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Revised Budget	Actual	Variance
General property taxes:				
Real estate, tangible and motor vehicle	\$ 97,823,444	\$ 97,823,444	\$ 100,021,773	\$ 2,198,329
Current other taxes	489,280	489,280	493,115	3,835
Total general property taxes	98,312,724	98,312,724	100,514,888	2,202,164
Intergovernmental and departmental.				
State	6,850,376	6,850,376	6,125,383	(724,993)
Total intergovernmental and departmental	6,850,376	6,850,376	6,125,383	(724,993)
Licenses:				
Liquor	138,000	138,000	135,947	(2,053)
Taverns and victualing	35,000	35,000	34,470	(530)
Other	64,685	64,685	57,748	(6,937)
Total licenses	237,685	237,685	228,165	(9,520)
Permits:				
Electrical	97,000	97,000	127,201	30,201
Plumbing	40,000	40,000	48,540	8,540
Other	334,100	334,100	460,555	126,455
Total permits	471,100	471,100	636,296	165,196
Fines and forfeitures:				
Municipal and Police P.T.E.	150,000	150,000	161,626	11,626
Other	195,020	195,020	203,668	8,648
Total fines and forfeitures	345,020	345,020	365,294	20,274
Charges for services:				
Legal instrument fees	482,350	482,350	489,391	7,041
VIN inspection fees	24,000	24,000	28,470	4,470
Rescue service	1,550,000	1,550,000	1,755,356	205,356
Other	1,497,374	1,497,374	1,730,765	233,391
Total charges for services	3,553,724	3,553,724	4,003,982	450,258
Interest:				
Real estate overdue taxes	900,000	900,000	1,283,209	383,209
Bank accounts	30,000	30,000	67,517	37,517
Total interest	930,000	930,000	1,350,726	420,726
Total revenues	110,700,629	110,700,629	113,224,734	2,524,105
Other financing sources:				
Transfers in	-	-	164,531	164,531
Total other financing sources	-	-	164,531	164,531
Total revenues and other financing sources	\$ 110,700,629	\$ 110,700,629	\$ 113,389,265	\$ 2,688,636

(continued)

CITY OF PAWTUCKET, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES (BUDGETARY BASIS)
 BUDGET AND ACTUAL – GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Original Budget	Revised Budget	Actual	Variance
Legislative:				
City Council	\$ 229,758	\$ 229,758	\$ 221,027	\$ 8,731
City Clerk	554,639	554,639	553,606	1,033
Probate Court	38,963	38,963	38,824	139
Board of Canvassers	253,126	253,126	245,436	7,690
Library	1,559,338	1,559,338	1,510,522	48,816
Total legislative	<u>2,635,824</u>	<u>2,635,824</u>	<u>2,569,415</u>	<u>66,409</u>
Executive:				
Mayor	411,358	411,358	484,407	(73,049)
Law Department	365,745	365,745	295,155	70,590
Municipal Court	78,880	78,880	78,968	(88)
Total executive	<u>855,983</u>	<u>855,983</u>	<u>858,530</u>	<u>(2,547)</u>
Finance department:				
Finance Director	314,748	314,748	321,650	(6,902)
Accounting	300,095	300,095	312,254	(12,159)
Tax Assessors	424,776	424,776	353,607	71,169
Collections – disbursement	512,877	512,877	522,859	(9,982)
Information Technology	667,810	667,810	640,605	27,205
Personnel	255,683	255,683	164,649	91,034
Purchasing	205,596	205,596	200,392	5,204
Payroll	152,626	152,626	155,942	(3,316)
Total finance department	<u>2,834,211</u>	<u>2,834,211</u>	<u>2,671,958</u>	<u>162,253</u>
Planning department:				
Planning Department	482,789	482,789	463,896	18,893
Development	128,207	128,207	128,157	50
Zoning and Code Enforcement	1,005,244	1,005,244	1,015,851	(10,607)
Total planning department	<u>1,616,240</u>	<u>1,616,240</u>	<u>1,607,904</u>	<u>8,336</u>
Public safety:				
Uniform Police	20,949,030	20,949,030	20,117,330	831,700
Civilian Police	1,904,168	1,904,168	1,863,324	40,844
Animal Shelter	541,100	541,100	520,091	21,009
Police Crossing Guards	442,790	442,790	441,890	900
Uniform Fire	19,606,314	19,606,314	19,035,231	571,083
Civilian Fire	339,519	339,519	139,668	199,851
Fire Prevention	489,392	489,392	517,033	(27,641)
Emergency Management Systems	99,609	99,609	86,452	13,157
Total public safety	<u>44,371,922</u>	<u>44,371,922</u>	<u>42,721,019</u>	<u>1,650,903</u>

(continued)

CITY OF PAWTUCKET, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) (CONTINUED)
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Original Budget	Revised Budget	Actual	Variance
Public works:				
Public Works Director	\$ 684,193	\$ 684,193	\$ 689,999	\$ (5,806)
Engineering	239,230	239,230	247,850	(8,620)
Equipment Maintenance	802,974	802,974	731,592	71,382
Building Maintenance	668,604	668,604	651,887	16,717
City Hall Maintenance	526,306	526,306	638,915	(112,609)
Sewer Maintenance	534,601	534,601	478,294	56,307
Beautification	2,290,703	2,290,703	2,361,334	(70,631)
Transfer Station	684,800	684,800	615,044	69,756
Streets, bridges, and cemetery	823,709	823,709	851,905	(28,196)
Street cleaning/snow removal	994,290	994,290	1,061,609	(67,319)
Traffic	443,262	443,262	421,517	21,745
Parks Division	1,357,629	1,357,629	1,376,049	(18,420)
Recreation	327,788	327,788	320,784	7,004
Daggett Farm	110,770	110,770	126,223	(15,453)
Total public works	<u>10,488,859</u>	<u>10,488,859</u>	<u>10,573,002</u>	<u>(84,143)</u>
Operating insurance	<u>1,020,008</u>	<u>1,020,008</u>	<u>849,593</u>	<u>170,415</u>
Contribution support	<u>72,631</u>	<u>72,631</u>	<u>73,517</u>	<u>(886)</u>
Employee benefits	<u>8,223,323</u>	<u>8,223,323</u>	<u>8,078,470</u>	<u>144,853</u>
Fixed charges	<u>1,499,203</u>	<u>1,499,203</u>	<u>1,363,408</u>	<u>135,795</u>
Debt service:				
Principal	4,545,662	4,545,662	4,292,622	253,040
Interest to other charges	1,742,435	1,742,435	2,044,528	(302,093)
Total debt service	<u>6,288,097</u>	<u>6,288,097</u>	<u>6,337,150</u>	<u>(49,053)</u>
Total expenditures	<u>79,906,301</u>	<u>79,906,301</u>	<u>77,703,966</u>	<u>2,202,335</u>
Transfers to other funds:				
School unrestricted fund – appropriation	29,623,349	29,623,349	29,623,349	-
School unrestricted fund – consent order deficit reduction	511,463	511,463	1,022,925	(511,462)
Other transfers	260,497	260,497	218,126	42,371
Total transfers to other funds	<u>30,395,309</u>	<u>30,395,309</u>	<u>30,864,400</u>	<u>(469,091)</u>
Provision to reserve fund balance	<u>399,019</u>	<u>399,019</u>	<u>399,019</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 110,700,629</u>	<u>\$ 110,700,629</u>	<u>\$ 108,967,385</u>	<u>\$ 1,733,244</u>

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES (BUDGETARY BASIS)

BUDGET AND ACTUAL – SCHOOL UNRESTRICTED FUND

YEAR ENDED JUNE 30, 2014

	Original Budget	Revised Budget	Actual	Variance with Final Budget
Revenues:				
State aid	\$ 71,459,692	\$ 71,459,692	\$ 71,459,692	\$ -
Fees, services and miscellaneous revenue	1,785,633	1,785,633	1,672,326	(113,307)
Total revenues	<u>73,245,325</u>	<u>73,245,325</u>	<u>73,132,018</u>	<u>(113,307)</u>
Expenditures:				
Salaries	57,868,158	57,945,210	56,797,031	1,148,179
Fringe and fixed charges	27,864,002	27,819,816	27,209,146	610,670
Purchased services	13,444,583	14,239,180	14,974,726	(735,546)
Supplies and materials	2,425,162	2,428,398	2,464,140	(35,742)
Equipment/capital improvement	1,185,846	1,297,386	694,463	602,923
Other	80,923	82,540	78,925	3,615
Total expenditures	<u>102,868,674</u>	<u>103,812,530</u>	<u>102,218,431</u>	<u>1,594,099</u>
Excess of expenditures over revenues before other financing sources	(29,623,349)	(30,567,205)	(29,086,413)	1,480,792
Other financing source, operating transfer from General Fund – City appropriation	<u>29,623,349</u>	<u>29,623,349</u>	<u>29,623,349</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	(943,856)	536,936	1,480,792
Consent order transfer from General Fund for deficit reduction	<u>-</u>	<u>-</u>	<u>1,022,925</u>	<u>1,022,925</u>
Excess (deficiency) of revenues and other financing sources over expenditures after consent order transfer from General Fund for deficit reduction	<u>\$ -</u>	<u>\$ (943,856)</u>	<u>\$ 1,559,861</u>	<u>\$ 2,503,717</u>

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULES OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
<i>Municipal Employees Retirement System, General Employees</i>						
June 30, 2010	\$ 89,452,255	\$ 126,042,332	\$ (36,590,077)	70.97%	\$ 20,645,488	-177.23%
June 30, 2011	\$ 87,571,418	\$ 111,366,277	\$ (23,794,859)	78.63%	\$ 20,251,458	-117.50%
June 30, 2012	\$ 87,216,852	\$ 112,749,974	\$ (25,533,122)	77.35%	\$ 18,826,110	-135.63%
June 30, 2013	\$ 86,742,714	\$ 114,292,417	\$ (27,549,703)	75.90%	\$ 18,980,419	-145.15%
<i>Police and Firefighters Plan</i>						
June 30, 2010	\$ 60,989,068	\$ 201,065,830	\$ (140,076,762)	30.33%	\$ 18,858,528	-742.78%
June 30, 2011	\$ 73,435,524	\$ 218,309,558	\$ (144,874,034)	33.64%	\$ 18,519,001	-782.30%
June 30, 2012	\$ 82,981,582	\$ 243,784,564	\$ (160,802,982)	34.04%	\$ 19,551,974	-822.44%
June 30, 2013	\$ 97,220,726	\$ 238,725,116	\$ (141,504,390)	40.72%	\$ 19,453,527	-727.40%
<i>Other Postemployment Benefit Obligation</i>						
July 1, 2009	\$ -	\$ 378,184,421	\$ (378,184,421)	0.00%	N/A	N/A
July 1, 2011	\$ -	\$ 311,500,000	\$ (311,500,000)	0.00%	\$ 92,030,000	338%
July 1, 2013	\$ -	\$ 309,654,000	\$ (309,654,000)	0.00%	\$ 91,107,273	340%

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF CHANGES TO CITY'S NET
PENSION LIABILITY AND RELATED RATIOS

YEAR ENDED JUNE 30, 2014

Total pension liability

Service cost	\$ 4,391,643
Interest	18,139,058
Changes in benefit terms	(10,594,891)
Effect of economic/demographic gains or (losses)	(9,137,177)
Differences between expected and actual experience	5,018,903
Changes in assumptions	-
Benefit payments, including refunds of member contributions	<u>(12,876,984)</u>
Net change in total pension liability	(5,059,448)
Total pension liability – beginning	<u>243,784,564</u>
Total pension liability – ending (a)	<u><u>\$ 238,725,116</u></u>

Plan fiduciary net position

Contributions – employer	\$ 12,386,341
Contributions – members	1,465,875
Net investment income	13,978,128
Benefit payments, including refunds of member contributions	(12,876,984)
Administrative expense	(714,217)
Other	<u>-</u>
Net change in plan fiduciary net position	<u><u>\$ 14,239,143</u></u>

(continued)

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF CHANGES TO CITY'S NET
PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Plan fiduciary net position – beginning	\$ 82,981,582
Plan fiduciary net position – ending (b)	\$ 97,220,725
City's net pension liability – ending (a) – (b)	\$ 141,504,391
Plan fiduciary net position as a percentage of the total pension liability	40.72%
Covered employee payroll	\$ 19,453,527
City's net pension liability as a percentage of covered employee payroll	7.27%
Actuarially determined contribution	\$ 12,929,696
Contributions in relation to the actuarially determined contribution	<u>12,911,682</u>
Contribution deficiency (excess)	<u>\$ 18,014</u>
Covered employee payroll	\$ 19,453,527
Contributions as a percentage of covered employee payroll	66.37%

CITY OF PAWTUCKET, RHODE ISLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2014

Police and Firefighters Plan (Old and New Plans)

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 12,929,696	99.9%
2013	\$ 12,046,021	98.9%
2012	\$ 11,607,902	92.5%
2011	\$ 11,238,282	90.0%
2010	\$ 10,154,357	96.0%
2009	\$ 8,907,828	62.0%

OPEB Plan

Year ended June 30,	Annual Required Contribution	Percentage Contributed
2014	\$ 17,850,863	72.2%
2013	\$ 20,008,292	64.7%
2012	\$ 19,155,825	67.5%

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2014

Budget preparation and budgetary basis of accounting:

In accordance with the City Charter, the Mayor must present to the City Council a recommended annual budget for the operations of all municipal departments prior to the commencement of each fiscal year. The recommended budget must include an appropriation to fund school expenditures in excess of their anticipated revenues as requested by the Superintendent and approved by the School Committee. Estimates of sums expected to become available from federal and state grants for the support of the public schools shall be included in the total requested for school expenditures. The City Council shall appropriate these funds for expenditure by the School Committee, and shall appropriate such additional funds from local tax revenues as may be required to meet the total school budget which the City Council approves. The School Committee shall not have the authority to obligate the City financially beyond the total budgetary amount voted by the City Council. The City Council can change only the total amount of the School Committee's recommended budget. The City Council can increase the total amount of the total budget, as presented by the Mayor, only if it makes provisions for increasing anticipated revenue to match increases in expenditures in the budget.

The General Fund and the School Unrestricted Fund annual operating budgets are in conformity with the legally enacted budgetary basis. The legally enacted budgetary basis differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budgets are adopted on the modified accrual basis with certain exceptions. Budgetary revenues may include reappropriations from fund equity previously recognized under U.S. GAAP. Budgetary expenditures may include provisions to build fund balance.

Adjustments from the budgetary basis to the U.S. GAAP basis of accounting are as follows:

	<u>General Fund</u>
Provision to reserve fund balance	\$ 399,019

Budget compliance:

Appropriations in addition to those contained in the annual operating budget require City Council approval. Amendments to the operating budget that do not result in additional appropriations may be made within departments by means of transfer. Transfers made within and outside the departmental level require City Council approval. The level at which the General Fund and School Unrestricted Fund budgeted expenditures may not legally exceed appropriations is at the department level. Unexpended appropriations lapse at fiscal year-end, but unexpended capital and special appropriations have historically been carried forward.

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2014

The assumptions for the Police and Firefighters Plan are consistent with the 2014 valuation.

The information presented in the required supplementary information was determined as part of the respective actuarial valuations. Additional information as of the latest actuarial valuation follows:

POLICE AND FIREFIGHTERS PLAN

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Closed
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50% per annum
Projected salary increases	2.0% to 11.0% per annum
Cost-of-living adjustments	3.0% per annum

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2014

OPEB PLAN

Valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit Cost Method
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return and discount rate	4% per annum
Participation	All eligible retirees are assumed to elect medical and dental coverage
	Current employees and spouses are assumed to continue the same coverage they have as of the valuation date
Health Care Cost Trend Rates	Medical – 10.0% per year decreasing to an ultimate rate of 5.0% per year; Dental – 8.0% per year decreasing to an ultimate rate of 5.0% per year

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – POLICE AND FIREFIGHTERS PLAN
SCHEDULE OF CITY CONTRIBUTIONS

YEAR ENDED JUNE 30, 2014

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions Related to the Actuarially Determined Contribution	Contribution Deficiency
2014	\$ 12,929,696	\$ 12,911,682	\$ 18,014
2013	12,046,021	11,915,054	130,967
2012	10,952,987	10,154,000	798,987
2011	10,531,718	9,561,000	970,718
2010	9,387,665	9,106,000	281,665
2009	8,117,103	4,860,000	3,257,103
2008	7,433,922	4,210,000	3,223,922
2007	7,362,251	3,860,000	3,502,251
2006	7,001,075	3,510,000	3,491,075
2005	6,068,845	3,160,000	2,908,845

Notes to Schedule:

Valuation date

Actuarially determined contribution rates are calculated as of July 1 of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rate:

Actuarial cost method

Entry Age Normal, Level Percent of Payroll

Amortization method

Increasing payments at 4% per year

Amortization period

Closed twenty-seven year period beginning with the July 1, 2013 valuation

Asset valuation method

Market value

Inflation

3.00%

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – POLICE AND FIREFIGHTERS PLAN
SCHEDULE OF CITY CONTRIBUTIONS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Notes to Schedule (continued):

Methods and assumptions used to determine contribution rate (continued):

Salary increases

2.00% - 11.00% depending on years of service

Investment rate of return

7.50%, net of pension plan investment expenses. This is based on an average inflation rate of 3.00%.

Retirement age

Assumptions related to age, service, and department are used for participants not yet receiving payment:

Mortality

RP-2000 Combined Generational Mortality Table

CITY OF PAWTUCKET, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF INVESTMENT RETURNS

YEAR ENDED JUNE 30, 2014

Annual money-weighted rate of return, net of investment expenses	16.61%
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OTHER SUPPLEMENTARY INFORMATION

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	City Special Revenue Funds	HUD Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,367,048	\$ 841,824	\$ 330,834	\$ 7,017,226	\$ 161,842	\$ 11,718,774
Investments	12,448	-	-	-	689,801	702,249
Intergovernmental receivables	8,603	545,376	1,887,933	-	-	2,441,912
Accounts receivable	890,398	-	-	411,819	-	1,302,217
Notes receivable	-	2,492,407	-	-	270,000	2,762,407
Total assets	\$ 4,278,497	\$ 3,879,607	\$ 2,218,767	\$ 7,429,045	\$ 1,121,643	\$ 18,927,559
LIABILITIES						
Accounts payable	\$ 240,331	\$ 582,799	\$ 1,114,513	\$ 1,187,490	\$ 1,294	\$ 3,126,427
Accrued expenditures	112,176	-	39,135	-	908	152,219
Due to other funds	672,990	-	1,313,662	20,644	3,632	2,010,928
Unearned revenue	-	2,452,317	-	-	-	2,452,317
Notes payable	-	-	-	12,400,000	-	12,400,000
Other liabilities	-	5,528	-	-	-	5,528
Total liabilities	1,025,497	3,040,644	2,467,310	13,608,134	5,834	20,147,419
FUND BALANCE						
Nonspendable	59,637	-	-	-	1,115,809	1,175,446
Restricted	1,759,047	854,152	202,847	1,288,638	-	4,104,684
Committed	1,411,133	-	-	-	-	1,411,133
Assigned	23,183	-	-	-	-	23,183
Unassigned	-	(15,189)	(451,390)	(7,467,727)	-	(7,934,306)
Total fund balance	3,253,000	838,963	(248,543)	(6,179,089)	1,115,809	(1,219,860)
Total liabilities and fund balance	\$ 4,278,497	\$ 3,879,607	\$ 2,218,767	\$ 7,429,045	\$ 1,121,643	\$ 18,927,559

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2014

	City Special Revenue Funds	HUD Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES:						
Operating grants and contributions	\$ 3,692,388	\$ 2,674,660	\$ 12,605,203		\$ 1,900	\$ 18,974,151
Capital grants and contributions	165,910	-		\$ 1,236,612		1,402,522
Charges for services	2,724,175	28,377	-		6,025	2,758,577
Investment and interest income				9,724	104,998	114,722
Total revenues	6,582,473	2,703,037	12,605,203	1,246,336	112,923	23,249,972
EXPENDITURES:						
Legislative and executive	1,997,678	-		-	-	1,997,678
Planning	805,336	3,074,498		42,091	-	3,921,925
Public safety	3,571,960	-		10,122	-	3,582,082
Public works	412,807	-		4,573,305	13,320	4,999,432
Education		-	13,111,692	2,718,183	4,124	15,833,999
Total expenditures	6,787,781	3,074,498	13,111,692	7,343,701	17,444	30,335,116
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(205,308)	(371,461)	(506,489)	(6,097,365)	95,479	(7,085,144)
Other financing sources (uses):						
Operating transfers from other funds	458,182	631,077	-	14,475	60	1,103,794
Operating transfers to other funds	(217,590)	(631,077)	-	(14,394)	(19,189)	(882,250)
Capital lease proceeds	-	-	-	3,117,500	-	3,117,500
Total other financing sources (uses)	240,592	-	-	3,117,581	(19,129)	3,339,044
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	35,284	(371,461)	(506,489)	(2,979,784)	76,350	(3,746,100)
Fund balance, beginning of year	3,217,716	1,210,424	257,946	(3,199,305)	1,039,459	2,526,240
Fund balance, end of year	\$ 3,253,000	\$ 838,963	\$ (248,543)	\$ (6,179,089)	\$ 1,115,809	\$ (1,219,860)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Comp Cancer Control Prog 105	Pawtucket Public Fund 106	Convergence Fund 108	Polling Place Dis. Act. 109	Substance Abuse 113	EMA Small Grants Fund 117	EMPG Equipment Fund EMA 118	EM Dept Homeland Security 121	EMA Training & Education 122
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ 47,527	\$ -	\$ 63,787	\$ 213	\$ 302	\$ -	\$ 6,993
Investments	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	6,076	-	-	-	-
Total assets	-	-	47,527	-	69,863	213	302	-	6,993
LIABILITIES									
Accounts payable	-	-	3,297	-	801	213	302	-	444
Accrued expenditures	-	-	-	-	29,137	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	3,297	-	29,938	213	302	-	444
FUND BALANCE									
Non-spendable	-	-	-	-	39,925	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	6,549
Committed	-	-	44,230	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance	-	-	44,230	-	39,925	-	-	-	6,549
Total liabilities and fund balance	\$ -	\$ -	\$ 47,527	\$ -	\$ 69,863	\$ 213	\$ 302	\$ -	\$ 6,993

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	EMA Systems & Equipment 124	EMA Special Operations 125	Slater Park Permits 129	Dog Park 130	Recreation Trips 131	Dagget Farm 132	Carousel Enterprise Fund 134	Tennis Single League 136	Summer Camp 137	Instructor Programming 138
ASSETS										
Cash and cash equivalents	\$ 5,510	\$ 4,703	\$ 48,172	\$ 125	\$ 4,207	\$ 27,049	\$ 17,837	\$ 29,180	\$ 6,076	\$ 13,724
Investments	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Total assets	5,510	4,703	48,172	125	4,207	27,049	17,837	29,180	6,076	13,724
LIABILITIES										
Accounts payable										
Accrued expenditures					(68)		493	1,170	-	249
Due to other funds	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	(68)	-	493	1,170	-	249
FUND BALANCE										
Non-spendable										
Restricted	5,510	4,703								
Committed			48,172	125	4,275	27,049	17,344	28,010	6,076	13,475
Assigned										
Unassigned										
Total fund balance	5,510	4,703	48,172	125	4,275	27,049	17,344	28,010	6,076	13,475
Total liabilities and fund balance	\$ 5,510	\$ 4,703	\$ 48,172	\$ 125	\$ 4,207	\$ 27,049	\$ 17,837	\$ 29,180	\$ 6,076	\$ 13,724

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Arts in The Park 139	Field Use Maintenance 140	Council's Substance Abuse 141	Project Renew 144	Arts Support Initiative 145	Pawtucket Arts Funding 146	Youth Sports League 147	AED Fund 150	PRA Redevelopment 152	175 Main Street 154
ASSETS										
Cash and cash equivalents	\$ 350	\$ 62,154	\$ 59,456	\$ 4,706	\$ 8,578	\$ 5,159	\$ 24,253	\$ 8,709	\$ -	\$ 2,400
Investments	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	20,862	2,242
Total assets	350	62,154	59,456	4,706	8,578	5,159	24,253	8,709	20,862	4,642
LIABILITIES										
Accounts payable	-	4,049	-	-	-	-	-	-	-	-
Accrued expenditures	-	-	-	-	-	-	-	-	14,105	1,769
Due to other funds	-	-	-	-	-	-	-	-	1,626	-
Total liabilities	-	4,049	-	-	-	-	-	-	15,731	1,769
FUND BALANCE										
Non-spendable										
Restricted					8,578				5,131	2,873
Committed	350	58,105	59,456	4,706		5,159	24,253	8,709		
Assigned										
Unassigned										
Total fund balance	350	58,105	59,456	4,706	8,578	5,159	24,253	8,709	5,131	2,873
Total liabilities and fund balance	\$ 350	\$ 62,154	\$ 59,456	\$ 4,706	\$ 8,578	\$ 5,159	\$ 24,253	\$ 8,709	\$ 20,862	\$ 4,642

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Have a Heart Dinner 155	Vital Restoration 158	Animal Control 161	Land Records Restoration 162	Alcohol Prevention Fund 163	Recruitment Testing Fund 165	Document Preservation 166	Family Literacy Initiative 175	Mabel Anderson Fund 176
ASSETS									
Cash and cash equivalents	\$ 6,559	\$ 41,899	\$ 52,487	\$ 127,208	\$ 9,104	\$ 7,501	\$ 321,696	\$ 6,637	\$ -
Investments	-	-	-	-	-	-	-	-	12,448
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	38	-	-
Total assets	6,559	41,899	52,487	127,208	9,104	7,501	321,734	6,637	12,448
LIABILITIES									
Accounts payable	-	-	-	2,241	-	-	3,000	229	-
Accrued expenditures	-	-	-	-	-	-	-	883	-
Due to other funds	-	-	-	-	-	-	-	-	300
Total liabilities	-	-	-	2,241	-	-	3,000	1,112	300
FUND BALANCE									
Non-spendable									
Restricted	6,559			124,967		7,501		5,525	12,148
Committed		41,899	52,487		9,104		318,734		
Assigned									
Unassigned									
Total fund balance	6,559	41,899	52,487	124,967	9,104	7,501	318,734	5,525	12,148
Total liabilities and fund balance	\$ 6,559	\$ 41,899	\$ 52,487	\$ 127,208	\$ 9,104	\$ 7,501	\$ 321,734	\$ 6,637	\$ 12,448

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Goddard Rel Study 179	Children's Library Renovation 182	State Grant In Aid 184	Library Donations 185	Champlin Grant 186	Holiday Basket Drive 191	Foundation Contribution Fund 193	Insurance Deductible Reserve 501	Fire Equipment Fund 510
ASSETS									
Cash and cash equivalents	\$ 12,042	\$ 1,691	\$ 16,327	\$ 101,190	\$ 41,029	\$ 10,346	\$ 12,837	\$ 300,412	\$ 18,622
Investments									
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Total assets	12,042	1,691	16,327	101,190	41,029	10,346	12,837	300,412	18,622
LIABILITIES									
Accounts payable		-	2,004	-	770	-	-	-	-
Accrued expenditures			14,323	3,370	-				
Due to other funds	153	-	-	-	8,464	-	-	-	-
Total liabilities	153	-	16,327	3,370	9,234	-	-	-	-
FUND BALANCE									
Non-spendable									
Restricted	11,889	1,691			31,795				
Committed				97,820				300,412	18,622
Assigned						10,346	12,837		
Unassigned			-						
Total fund balance	11,889	1,691	-	97,820	31,795	10,346	12,837	300,412	18,622
Total liabilities and fund balance	\$ 12,042	\$ 1,691	\$ 16,327	\$ 101,190	\$ 41,029	\$ 10,346	\$ 12,837	\$ 300,412	\$ 18,622

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Fire Prevention 550	Fire Apparatus 551	FEMA Operations & Safety 552	Safer Grant 556	Federal Forfeited Property 603	State Share Drugs 604	Reim O/T Special Squad 607	RI Traffic Tribunal 609
ASSETS								
Cash and cash equivalents	\$ 134,998	\$ 13,889	\$ -	\$ -	\$ 337,470	\$ 388,641	\$ -	\$ 122,776
Investments								
Intergovernmental receivables	-	-	-		-	-	-	
Accounts receivable	-	-	-	513,886		486	11,362	9,097
Total assets	134,998	13,889	-	513,886	337,470	389,127	11,362	131,873
LIABILITIES								
Accounts payable		-	-	-	622	-	-	45,671
Accrued expenditures				32,289	-	-	694	
Due to other funds	-	-	-	481,597	-	-	10,668	-
Total liabilities	-	-	-	513,886	622	-	11,362	45,671
FUND BALANCE								
Non-spendable								
Restricted	134,998			-	336,848	389,127		86,202
Committed		13,889						
Assigned								
Unassigned								
Total fund balance	134,998	13,889	-	-	336,848	389,127	-	86,202
Total liabilities and fund balance	\$ 134,998	\$ 13,889	\$ -	\$ 513,886	\$ 337,470	\$ 389,127	\$ 11,362	\$ 131,873

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Bike Patrol 625	Juvenile Board 633	D.A.R.E. 638	PTE Overtime 641	PTE Police Equipment 643	JAG BJA 2011 647
ASSETS						
Cash and cash equivalents	\$ 48,711	\$ -	\$ 26,076	\$ -	\$ 138,164	\$ -
Investments						
Intergovernmental receivables	-	-	-	-	-	
Accounts receivable	-	-	-	-	-	16,132
Total assets	48,711	-	26,076	-	138,164	16,132
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Accrued expenditures						
Due to other funds	-	-	-	-	-	16,132
Total liabilities	-	-	-	-	-	16,132
FUND BALANCE						
Non-spendable						
Restricted	48,711			-		-
Committed			26,076		138,164	
Assigned						
Unassigned						
Total fund balance	48,711	-	26,076	-	138,164	-
Total liabilities and fund balance	\$ 48,711	\$ -	\$ 26,076	\$ -	\$ 138,164	\$ 16,132

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Dog Pound Spay & Neuter Fund 651	Vet Care Private Donation 652	Spay & Neuter Public Asst 653	Spay & Neuter Pound Fund 654	Comm Works 656	Underage Drinking 658	Highway Safety Grant 2015 660	Seized Vehicles (State) 662
ASSETS								
Cash and cash equivalents	\$ 45,738	\$ 46,216	\$ 4,404	\$ 4,404	\$ -	\$ -	\$ -	\$ 28,890
Investments								
Intergovernmental receivables	-	-	-	-		6,238		-
Accounts receivable	-	-	-	-		-		-
Total assets	45,738	46,216	4,404	4,404	-	6,238	-	28,890
LIABILITIES								
Accounts payable	1,306	780	-	-	-	-	-	2,655
Accrued expenditures								
Due to other funds	-	-	-	-		6,238		-
Total liabilities	1,306	780	-	-	-	6,238	-	2,655
FUND BALANCE								
Non-spendable								
Restricted		45,436	4,404	4,404	-		-	26,235
Committed	44,432							
Assigned								
Unassigned								
Total fund balance	44,432	45,436	4,404	4,404	-	-	-	26,235
Total liabilities and fund balance	\$ 45,738	\$ 46,216	\$ 4,404	\$ 4,404	\$ -	6,238	\$ -	28,890

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Tobacco Enforcement 663	Pending Forfeiture (Cambell) 664	Highway Safety Grant 2014 665	OJJDP FY 2010 675	Sex Offenders 678	Details Private Company Reimbursements 690	Details Private Company Company Reimb 694	Evidence Money 697	Misc. Police Reimbursements 698
ASSETS									
Cash and cash equivalents	\$ -	\$ 89,482	\$ -	\$ -	\$ -	\$ -	\$ 184,980	\$ 19,712	\$ 624
Investments									
Intergovernmental receivables	2,365	-	-	-	4,683	-	-	-	-
Accounts receivable	-	-	4,524	-	-	42,590	6,519	-	788
Total assets	2,365	89,482	4,524	-	4,683	42,590	191,499	19,712	1,412
LIABILITIES									
Accounts payable	-	-	967	-	136	7,678	3,477	-	-
Accrued expenditures	194	-	-	-	-	-	-	-	-
Due to other funds	2,171	-	2,706	-	4,547	34,912	-	-	-
Total liabilities	2,365	-	3,673	-	4,683	42,590	3,477	-	-
FUND BALANCE									
Non-spendable								19,712	
Restricted	-	89,482	851	-	-	-	188,022		1,412
Committed									
Assigned									
Unassigned									
Total fund balance	-	89,482	851	-	-	-	188,022	19,712	1,412
Total liabilities and fund balance	\$ 2,365	\$ 89,482	\$ 4,524	\$ -	\$ 4,683	\$ 42,590	\$ 191,499	\$ 19,712	\$ 1,412

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Pawtucket IDDE 702	Municipal Waste Reduction 706	Trust Safety Sewer Grant 710	FY 05 Homeland Security 725	Buffer Zone Protection 729	T.S. Irene 2011 EMA 730	Blackstone Wall Rep 2 731	Blizzard 2013 732	Recreation Trails Programs 733
ASSETS									
Cash and cash equivalents	\$ -	\$ 179,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments									
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Accounts receivable	30,489	-	-	-	-	-	126,515	-	12,000
Total assets	30,489	179,205	-	-	-	-	126,515	-	12,000
LIABILITIES									
Accounts payable	15,942	15,516	-	-	-	-	119,988	-	-
Accrued expenditures									
Due to other funds	14,547	-	-	-	-	-	2,720	-	12,000
Total liabilities	30,489	15,516	-	-	-	-	122,708	-	12,000
FUND BALANCE									
Non-spendable									
Restricted		163,689	-	-	-	-	3,807	-	-
Committed									
Assigned									
Unassigned							-		
Total fund balance	-	163,689	-	-	-	-	3,807	-	-
Total liabilities and fund balance	\$ 30,489	\$ 179,205	\$ -	\$ -	\$ -	\$ -	\$ 126,515	\$ -	\$ 12,000

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
City Special Revenue Funds
June 30, 2014

	Woodlawn Weed & Seed Year 3 762	Woodlawn Weed & Seed Year 5 764	Recreation Compost 770	Senior Center 817	Senior Center II 818	Medicare Outreach Program 819	Senate Grant Senior Suttle 822	Senior Center City 824	Information Specialist 825	Senior Center Title III 828	Special Revenue Funds-City TOTALS
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,087	\$ 388	\$ -	\$ 9,321	\$ 1,421	\$ 694	\$ 3,367,048
Investments	-	-	-	-	-	-	-	-	-	-	12,448
Intergovernmental receivables	-	-	-	-	-	-	-	-	-	-	8,603
Accounts receivable	-	-	50,000	32,109	-	-	-	-	-	-	890,398
Total assets	-	-	50,000	32,109	2,087	388	-	9,321	1,421	694	4,278,497
LIABILITIES											
Accounts payable	-	-	-	6,648	-	-	-	-	-	-	240,331
Accrued expenditures	-	-	-	1,252	2,087	388	-	9,321	1,421	694	112,176
Due to other funds	-	-	50,000	24,209	-	-	-	-	-	-	672,990
Total liabilities	-	-	50,000	32,109	2,087	388	-	9,321	1,421	694	1,025,497
FUND BALANCE											
Non-spendable	-	-	-	-	-	-	-	-	-	-	59,637
Restricted	-	-	-	-	-	-	-	-	-	-	1,759,047
Committed	-	-	-	-	-	-	-	-	-	-	1,411,133
Assigned	-	-	-	-	-	-	-	-	-	-	23,183
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	-	-	-	-	-	-	-	-	-	-	3,253,000
Total liabilities and fund balance	\$ -	\$ -	\$ 50,000	\$ 32,109	\$ 2,087	\$ 388	\$ -	\$ 9,321	\$ 1,421	\$ 694	\$ 4,278,497

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Comp Cancer Control Prog 105	Pawtucket Public Fund 106	Convergence Fund 108	Polling Place Dis. Act. 109	Substance Abuse 113	EMA Small Grants Fund 117	EMPG Equipment Fund EMA 118	EM Dept Homeland Security 121	EMA Training & Education 122
REVENUES:									
Operating grants and contributions	\$ -		\$ 93,877	\$ -	\$ 124,892	\$ 234	\$ -	\$ (234)	\$ 8,548
Capital grants and contributions									
Charges for service	-	\$ 1,402,465	35,891	-	-	-	-	-	-
Total revenues	-	1,402,465	129,768	-	124,892	234	-	(234)	8,548
EXPENDITURES:									
Legislative and executive	-	1,402,465	-	-	-	-	-	-	-
Planning	-	-	149,200	-	-	-	-	-	-
Public safety	-	-	-	-	123,613	234	200	1,483	12,033
Public works	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,402,465	149,200	-	123,613	234	200	1,483	12,033
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	-	(19,432)	-	1,279	-	(200)	(1,717)	(3,485)
Other financing sources (uses):									
Operating transfers from other funds	-	-	5,000	-	250	-	-	-	-
Operating transfers to other funds	(200)	-	-	(148)	-	-	-	-	-
Total other financing sources (uses)	(200)	-	5,000	(148)	250	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(200)	-	(14,432)	(148)	1,529	-	(200)	(1,717)	(3,485)
Fund balance, beginning of year	200	-	58,662	148	38,396	-	200	1,717	10,034
Fund balance, end of year	\$ -	\$ -	\$ 44,230	\$ -	\$ 39,925	\$ -	\$ -	\$ -	\$ 6,549

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	EMA Systems & Equipment's 124	EMA Special Operations 125	Slater Park Permits 129	Dog Park 130	Recreation Trips 131	Daggert Farm 132	Carousel Enterprise Fund 134	Tennis Single League 136	Summer Camp 137	Instructor Programming 138
REVENUES:										
Operating grants and contributions	\$ -	\$ -		\$ -		\$ 13,549	\$ 756			
Capital grants and contributions										
Charges for service	-	-	\$ 27,185	-	\$ 337	-	34,668	\$ 19,621	\$ 784	\$ 25,583
Total revenues	-	-	27,185	-	337	13,549	35,424	19,621	784	25,583
EXPENDITURES:										
Legislative and executive	-	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-	-
Public safety	(242)	67	-	-	-	-	-	-	-	-
Public works	-	-	15,670	-	-	12,227	27,758	13,207	40	23,011
Total expenditures	(242)	67	15,670	-	-	12,227	27,758	13,207	40	23,011
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	242	(67)	11,515	-	337	1,322	7,666	6,414	744	2,572
Other financing sources (uses):										
Operating transfers from other funds	-	-	-	-	-	-	-	-	-	-
Operating transfers to other funds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	242	(67)	11,515	-	337	1,322	7,666	6,414	744	2,572
Fund balance, beginning of year	5,268	4,770	36,657	125	3,938	25,727	9,678	21,596	5,332	10,903
Fund balance, end of year	\$ 5,510	\$ 4,703	\$ 48,172	\$ 125	\$ 4,275	\$ 27,049	\$ 17,344	\$ 28,010	\$ 6,076	\$ 13,475

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Arts in The Park 139	Field Use Maintenance 140	Council's Substance Abuse 141	Project Renew 144	Arts Support Initiative 145	Pawtucket Arts Funding 146	Youth Sports League 147	AED Fund 150	PRA Redevelopment 152	175 Main Street 154										
REVENUES:																				
Operating grants and contributions						\$	-	\$	-	\$	86,231	\$	25,471							
Capital grants and contributions																				
Charges for service	\$	-	\$	47,223	\$	18,094	\$	776	\$	-	-	-	-							
Total revenues	-	47,223	18,094	776	-	-	-	-	86,231	25,471										
EXPENDITURES:																				
Legislative and executive	-	-	790	-	21,240	9,570	-	-	-	-										
Planning	-	-	-	-	-	-	-	-	86,231	25,472										
Public safety	-	-	-	-	-	-	-	-	-	-										
Public works	750	20,832	-	287	-	-	-	1,284	-	-										
Total expenditures	750	20,832	790	287	21,240	9,570	-	1,284	86,231	25,472										
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(750)	26,391	17,304	489	(21,240)	(9,570)	-	(1,284)	-	(1)										
Other financing sources (uses):																				
Operating transfers from other funds	-	-	-	-	25,390	10,107	-	-	-	-										
Operating transfers to other funds	-	-	-	-	-	-	-	-	-	-										
Total other financing sources (uses)	-	-	-	-	25,390	10,107	-	-	-	-										
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(750)	26,391	17,304	489	4,150	537	-	(1,284)	-	(1)										
Fund balance, beginning of year	1,100	31,714	42,152	4,217	4,428	4,622	24,253	9,993	5,131	2,874										
Fund balance, end of year	\$	350	\$	58,105	\$	59,456	\$	4,706	\$	8,578	\$	5,159	\$	24,253	\$	8,709	\$	5,131	\$	2,873

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Have a Heart Dinner 155	Vital Restoration 158	Animal Control 161	Land Records Restoration 162	Alcohol Prevention Fund 163	Recruitment Testing Fund 165	Document Preservation 166	Family Literacy Initiative 175	Mabel Anderson Fund 176
REVENUES:									
Operating grants and contributions	\$ 1,621				\$ -	\$ -	\$ 47,483	\$ 50,427	\$ 1,337
Capital grants and contributions		\$ 11,848	\$ 11,942	\$ 8,141	1,500				
Charges for service									
Total revenues	1,621	11,848	11,942	8,141	1,500	-	47,483	50,427	1,337
EXPENDITURES:									
Legislative and executive	-	5,027	-	4,983	-		52,776	48,611	299
Planning	-	-	-	-	-	-	-	-	-
Public safety	-	-	4,430	-	-	-	-	-	-
Public works	985	-	-	-	-	-	-	-	-
Total expenditures	985	5,027	4,430	4,983	-	-	52,776	48,611	299
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	636	6,821	7,512	3,158	1,500	-	(5,293)	1,816	1,038
Other financing sources (uses):									
Operating transfers from other funds	-	-	-	-	-	-	-	-	-
Operating transfers to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	636	6,821	7,512	3,158	1,500	-	(5,293)	1,816	1,038
Fund balance, beginning of year	5,923	35,078	44,975	121,809	7,604	7,501	324,027	3,709	11,110
Fund balance, end of year	\$ 6,559	\$ 41,899	\$ 52,487	\$ 124,967	\$ 9,104	\$ 7,501	\$ 318,734	\$ 5,525	\$ 12,148

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Goddard Rel Study 179	Children's Library Renovation 182	State Grant In Aid 184	Library Donations 185	Champlin Grant 186	Holiday Basket Drive 191	Foundation Contribution Fund 193	Insurance Deductible Reserve 501	Fire Equipment Fund 510
REVENUES:									
Operating grants and contributions	\$ 240		\$ 315,244	\$ 100	\$ 32,238	\$ 10,493	\$ -	\$ 412	
Capital grants and contributions									
Charges for service		\$ -	-	42,129		-		\$ 1,470	
Total revenues	240	-	315,244	42,229	32,238	10,493	-	412	1,470
EXPENDITURES:									
Legislative and executive	209	-	326,181	86,964	23,107	9,456	-	-	
Planning	-	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	-	
Public works	-	-	-	-	-	-	-	-	
Total expenditures	209	-	326,181	86,964	23,107	9,456	-	-	
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	31	-	(10,937)	(44,735)	9,131	1,037	-	412	1,470
Other financing sources (uses):									
Operating transfers from other funds	-	-	-	18,000	-	-	-	-	
Operating transfers to other funds	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	18,000	-	-	-	-	
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	31	-	(10,937)	(26,735)	9,131	1,037	-	412	1,470
Fund balance, beginning of year	11,858	1,691	10,937	124,555	22,664	9,309	12,837	300,000	17,152
Fund balance, end of year	\$ 11,889	\$ 1,691	\$ -	\$ 97,820	\$ 31,795	\$ 10,346	\$ 12,837	\$ 300,412	\$ 18,622

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Fire Prevention 550	Fire Apparatus 551	FEMA Operations & Safety 552	Safer Grant 556	Federal Forfeited Property 603	State Share Drugs 604	Reim O/T Special Squad 607	RI Traffic Tribunal 609
REVENUES:								
Operating grants and contributions		\$ -	\$ -	\$ 1,975,726	\$ 146,082	\$ 46,068		
Capital grants and contributions								
Charges for service	\$ 89,135	-	-				\$ 45,566	\$ 54,774
Total revenues	89,135	-	-	1,975,726	146,082	46,068	45,566	54,774
EXPENDITURES:								
Legislative and executive	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-
Public safety	73,776	-	15,421	1,975,726	273,117	(22,560)	47,002	49,661
Public works	-	-	-	-	-	-	-	-
Total expenditures	73,776	-	15,421	1,975,726	273,117	(22,560)	47,002	49,661
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	15,359	-	(15,421)	-	(127,035)	68,628	(1,436)	5,113
Other financing sources (uses):								
Operating transfers from other funds	-	8,778	7	-	-	-	-	-
Operating transfers to other funds	(7)	-	-	-	-	-	-	-
Total other financing sources (uses)	(7)	8,778	7	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	15,352	8,778	(15,414)	-	(127,035)	68,628	(1,436)	5,113
Fund balance, beginning of year	119,646	5,111	15,414	-	463,883	320,499	1,436	81,089
Fund balance, end of year	\$ 134,998	\$ 13,889	\$ -	\$ -	\$ 336,848	\$ 389,127	\$ -	\$ 86,202

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Bike Patrol 625	Juvenile Board 633	D.A.R.E. 638	PTE Overtime 641	PTE Police Equipment 643	JAG BJA 2011 647
REVENUES:						
Operating grants and contributions	\$ -	\$ -				\$ 41,262
Capital grants and contributions						
Charges for service	-	-	\$ 17,006	\$ 239,160	\$ 78,781	-
Total revenues	-	-	17,006	239,160	78,781	41,262
EXPENDITURES:						
Legislative and executive	-	-	-	-	-	-
Planning	-	-	-	-	-	-
Public safety	42,403	2,154	-	239,160	2,436	41,262
Public works	-	-	-	-	-	-
Total expenditures	42,403	2,154	-	239,160	2,436	41,262
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(42,403)	(2,154)	17,006	-	76,345	-
Other financing sources (uses):						
Operating transfers from other funds	45,000	-	-	-	-	-
Operating transfers to other funds	-	-	-	-	(45,056)	-
Total other financing sources (uses)	45,000	-	-	-	(45,056)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	2,597	(2,154)	17,006	-	31,289	-
Fund balance, beginning of year	46,114	2,154	9,070	-	106,875	-
Fund balance, end of year	\$ 48,711	\$ -	\$ 26,076	\$ -	\$ 138,164	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Dog Pound Spay & Neuter Fund 651	Vet Care Private Donation 652	Spay & Neuter Public Asst 653	Spay & Neuter Pound Fund 654	COMM Works 656	Underage Drinking 658	Highway Safety Grant 2015 660	Seized Vehicles (State) 662
REVENUES:								
Operating grants and contributions		\$ 8,438			\$ 11,634	\$ 9,826	\$ 17,134	\$ -
Capital grants and contributions								
Charges for service	\$ 19,831		\$ 540	\$ 540	-	-	-	5,145
Total revenues	19,831	8,438	540	540	11,634	9,826	17,134	5,145
EXPENDITURES:								
Legislative and executive	-		-	-	-	-	-	-
Planning	-		-	-	-	-	-	-
Public safety	19,148	6,340	-	-	11,641	9,879	17,134	2,655
Public works	-		-	-	-	-	-	-
Total expenditures	19,148	6,340	-	-	11,641	9,879	17,134	2,655
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	683	2,098	540	540	(7)	(53)	-	2,490
Other financing sources (uses):								
Operating transfers from other funds	-	-	-	-	7	-	-	-
Operating transfers to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	7	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	683	2,098	540	540	-	(53)	-	2,490
Fund balance, beginning of year	43,749	43,338	3,864	3,864	-	53	-	23,745
Fund balance, end of year	\$ 44,432	\$ 45,436	\$ 4,404	\$ 4,404	\$ -	\$ -	\$ -	\$ 26,235

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Tobacco Enforcement 663	Pending Forfeiture (Cambell) 664	Highway Safety Grant 2014 665	Sex Offenders 678	Details Private Company Reimbursements 690	Details Private Company Reimbursements 694	Evidence Money 697	Misc. Police Reimbursements 698
REVENUES:								
Operating grants and contributions	\$ 9,325	\$ 72,025	\$ 71,860	\$ 13,573				\$ 2,288
Capital grants and contributions								
Charges for service	-			-	\$ 418,406	\$ 64,571	\$ 1,063	-
Total revenues	9,325	72,025	71,860	13,573	418,406	64,571	1,063	2,288
EXPENDITURES:								
Legislative and executive	-	-		-	-	-	-	-
Planning	-	-		-	-	-	-	-
Public safety	9,325	84,182	71,009	13,622	440,496	3,476		876
Public works	-	-		-	-	-	-	-
Total expenditures	9,325	84,182	71,009	13,622	440,496	3,476	-	876
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	(12,157)	851	(49)	(22,090)	61,095	1,063	1,412
Other financing sources (uses):								
Operating transfers from other funds	-	-		49		126,927	-	-
Operating transfers to other funds	-	-		-	(126,927)	-	-	-
Total other financing sources (uses)	-	-	-	49	(126,927)	126,927	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(12,157)	851	-	(149,017)	188,022	1,063	1,412
Fund balance, beginning of year	-	101,639		-	149,017		18,649	-
Fund balance, end of year	\$ -	\$ 89,482	\$ 851	\$ -	\$ -	\$ 188,022	\$ 19,712	\$ 1,412

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Pawtucket IDDE 702	Municipal Waste Reduction 706	FY 05 Homeland Security 725	Blackstone Wall Rep 2 731	Blizzard 2013 732	Recreation Trails Program 733	Summer Youth Initiative 745	Pleasant View Weed & Seed Year 5 754	WDL United Way 755
REVENUES:									
Operating grants and contributions	\$ 30,489	\$ 37,278	\$ -		\$ 801	\$ 33,732	\$ 3,000	\$ -	\$ -
Capital grants and contributions				\$ 165,910					
Charges for service	-	-	-	-	-	-	-	-	-
Total revenues	30,489	37,278	-	165,910	801	33,732	3,000	-	-
EXPENDITURES:									
Legislative and executive	-	-	-	-	-	-	6,000	-	-
Planning	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	801	-	-	-	-
Public works	30,489	70,432	-	162,103	-	33,732	-	-	-
Total expenditures	30,489	70,432	-	162,103	801	33,732	6,000	-	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	(33,154)	-	3,807	-	-	(3,000)	-	-
Other financing sources (uses):									
Operating transfers from other funds	-	-	-	-	-	-	-	-	-
Operating transfers to other funds	-	-	(16,098)	-	-	-	-	(1,001)	(2,283)
Total other financing sources (uses)	-	-	(16,098)	-	-	-	-	(1,001)	(2,283)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(33,154)	(16,098)	3,807	-	-	(3,000)	(1,001)	(2,283)
Fund balance, beginning of year		196,843	16,098	-	-	-	3,000	1,001	2,283
Fund balance, end of year	\$ -	\$ 163,689	\$ -	\$ 3,807	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
City Special Revenue Funds
For the year ended June 30, 2014

	Woodlawn Weed & Seed Year 3 762	Woodlawn Weed & Seed Year 5 764	Recreation Compost 770	Senior Center 817	Senior Center II 818	Medicare Outreach Program 819	Senate Grant Senior Shuttle 822	Senior Center City 824	Information Specialist 825	Senior Center Title III 828	Special Revenue Funds-City TOTALS
REVENUES:											
Operating grants and contributions	\$ -	\$ -	\$ 50,000	\$ 205,000	\$ 29,790	\$ -	\$ 2,000	\$ -	\$ 27,827	\$ 34,311	\$ 3,692,388
Capital grants and contributions											165,910
Charges for service	-	-	-	-	-	-	-	-	-	-	2,724,175
Total revenues	-	-	50,000	205,000	29,790	-	2,000	-	27,827	34,311	6,582,473
EXPENDITURES:											
Legislative and executive	-	-	-	-	-	-	-	-	-	-	1,997,678
Planning	-	-	50,000	205,000	34,950	-	10,455	149,780	46,019	48,229	805,336
Public safety	-	-	-	-	-	-	-	-	-	-	3,571,960
Public works	-	-	-	-	-	-	-	-	-	-	412,807
Total expenditures	-	-	50,000	205,000	34,950	-	10,455	149,780	46,019	48,229	6,787,781
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	-	-	-	(5,160)	-	(8,455)	(149,780)	(18,192)	(13,918)	(205,308)
Other financing sources (uses):											
Operating transfers from other funds	-	-	-	-	5,160	-	8,455	175,000	18,192	11,860	458,182
Operating transfers to other funds	(65)	(585)	-	-	-	-	-	(25,220)	-	-	(217,590)
Total other financing sources (uses)	(65)	(585)	-	-	5,160	-	8,455	149,780	18,192	11,860	240,592
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(65)	(585)	-	-	-	-	-	-	-	(2,058)	35,284
Fund balance, beginning of year	65	585	-	-	-	-	-	-	-	2,058	3,217,716
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,253,000

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
HUD Special Revenue Funds
June 30, 2014

	Planning Department				
	CDBG Community Development 01	Home Program 02	Emergency Shelter 03	CDBG Public Service 04	Plaza Shops City 06
ASSETS					
Cash	\$ 100	\$ 26	\$ 25		\$ 66
Intergovernmental receivables	479,224		29,416	\$ 36,236	
Other receivables					
Total assets	\$ 479,324	\$ 26	\$ 29,441	\$ 36,236	\$ 66
LIABILITIES					
Accounts payable	\$ 479,224	\$ 26	\$ 29,416	\$ 36,236	
Unearned revenue	-	-	-	-	\$ -
Other liabilities	-	-	-	-	-
Total liabilities	479,224	26	29,416	36,236	-
FUND BALANCE					
Nonspendable					
Restricted	100	-	25	-	66
Committed					
Assigned					
Unassigned					
Total fund balance	100	-	25	-	66
Total liabilities and fund balance	\$ 479,324	\$ 26	\$ 29,441	\$ 36,236	\$ 66

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
HUD Special Revenue Funds
June 30, 2014

	Redevelopment Agency				
	Visitors Center City 07	UDAG City 05	CDBG Community Development Block Grant 09	Rehab Escrow 11	HUD Restricted Funds TOTALS
ASSETS					
Cash	\$ 2,768	\$ 67,357	\$ 695,496	\$ 75,986	\$ 841,824
Intergovernmental receivables			500		545,376
Other receivables		5,000	2,487,407		2,492,407
Total assets	\$ 2,768	\$ 72,357	\$ 3,183,403	\$ 75,986	\$ 3,879,607
LIABILITIES					
Accounts payable	\$ 12,957	\$ -	\$ 24,940	\$ -	\$ 582,799
Unearned revenue	-	-	2,452,317	-	2,452,317
Other liabilities	5,000	-		528	5,528
Total liabilities	17,957	-	2,477,257	528	3,040,644
FUND BALANCE					
Nonspendable					
Restricted		72,357	706,146	75,458	854,152
Committed					-
Assigned					-
Unassigned	(15,189)				(15,189)
Total fund balance	(15,189)	72,357	706,146	75,458	838,963
Total liabilities and fund balance	\$ 2,768	\$ 72,357	\$ 3,183,403	\$ 75,986	\$ 3,879,607

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
HUD Special Revenue Funds
For the year ended June 30, 2014

	Planning				
	CDBG Community Development 01	Home Program 02	Emergency Shelter 03	CDBG Public Service 04	Plaza Shops City 06
REVENUES:					
Operating grants and contributions	\$ 1,506,268	\$ 743,865	\$ 159,318	\$ 36,236	\$ -
Capital grants and contributions	-	-	-	-	-
Charges for service					4,668
Total revenues	1,506,268	743,865	159,318	36,236	4,668
EXPENDITURES:					
Legislative	-	-	-	-	-
Planning	926,796	743,865	159,318	416,810	8,464
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Total expenditures	926,796	743,865	159,318	416,810	8,464
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	579,472	-	-	(380,574)	(3,796)
Other financing sources (uses):					
Transfers from other funds	-	-	-	380,574	4,000
Transfers to other funds	(579,372)	-	-	-	-
Total other financing sources (uses)	(579,372)	-	-	380,574	4,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	100	-	-	-	204
Fund balance, beginning of year	-	-	25	-	(138)
Fund balance, end of year	\$ 100	\$ -	\$ 25	\$ -	\$ 66

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
HUD Special Revenue Funds
For the year ended June 30, 2014

	<u>Planning</u>		<u>Redevelopment Agency</u>		HUD Restricted Funds TOTALS
	Visitors Center City 07	UDAG City 05	Community Development Block Grant 09	Rehab Escrow 11	
REVENUES:					
Operating grants and contributions	\$ 15,188	\$ 1,012	\$ 212,253	\$ 520	\$ 2,674,660
Capital grants and contributions					-
Charges for service	23,709				28,377
Total revenues	38,897	1,012	212,253	520	2,703,037
EXPENDITURES:					
Legislative	-	-	-	-	-
Planning	49,794	381,067	304,180	84,204	3,074,498
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Total expenditures	49,794	381,067	304,180	84,204	3,074,498
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(10,897)	(380,055)	(91,927)	(83,684)	(371,461)
Other financing sources (uses):					
Transfers from other funds		-	198,798	47,705	631,077
Transfers to other funds		(4,000)	(47,705)	-	(631,077)
Total other financing sources (uses)	-	(4,000)	151,093	47,705	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(10,897)	(384,055)	59,166	(35,979)	(371,461)
Fund balance, beginning of year	(4,292)	456,412	646,980	111,437	1,210,424
Fund balance, end of year	\$ (15,189)	\$ 72,357	\$ 706,146	\$ 75,458	\$ 838,963

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	RI Literacy & Drop Out Prevention 202	VSA Art Potter 203	21st Century Learning 204	Title I School Improvement 205	Riter Miscellaneous 206, 239	Fresh Fruit & Veg. Program 207	Laura Bush Fdn 208
ASSETS							
Cash	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	38,517		-	86,071	-
Due from other funds	-	-	-	\$ -	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 38,517	\$ -	\$ -	\$ 86,071	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 169		\$ -	\$ -	\$ -
Accrued salaries	-	-	1,103	\$ -	-	-	-
Due to other funds	-	-	37,245		-	86,071	-
Total liabilities	-	-	38,517	-	-	86,071	-
FUND BALANCE							
Nonspendable							
Restricted	-	-	-	-	-	-	-
Committed							
Assigned							
Unassigned							
Total fund balance	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ 38,517	\$ -	\$ -	\$ 86,071	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	RI School Improve - Baldwin 209	School Improvement Tolman 210	Dental Program Medical Reimb. 211	Wisconsin Center for Ed Research (Ladder) 212	Luke Charitable FDN 214	Pawtucket Rotary 215	Legis After School Fallon 216
ASSETS							
Cash	\$ -	\$ -	\$ 79,510	\$ 6,233	\$ 1,442	\$ -	\$ -
Intergovernmental receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 79,510	\$ 6,233	\$ 1,442	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ -	-	\$ -	\$ -	\$ 1,936	\$ -	\$ -
Accrued salaries	-	\$ -	-	-	-	-	-
Due to other funds	-	-	51,347	-	-	-	-
Total liabilities	-	-	51,347	-	1,936	-	-
FUND BALANCE							
Nonspendable							
Restricted	-	-	28,163	6,233	-	-	-
Committed							
Assigned							
Unassigned			-		(494)		
Total fund balance	-	-	28,163	6,233	(494)	-	-
Total liabilities and fund balance	\$ -	\$ -	\$ 79,510	\$ 6,233	\$ 1,442	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	RIDOT URI - Tollman 217	NE Dairy 218	Title IV Cent Cohort 219	General Assembly Baldwin 220	Bristol County 229	Perkins Grants 238 & 251	Title III LEP 222
ASSETS							
Cash	\$ -	\$ -	\$ -		\$ 236	\$ 25,000	\$ -
Intergovernmental receivables	-	-	116,600	\$ -	-	85,691	76,058
Due from other funds	-	-		-		-	-
Accounts receivable	-	-		-		-	-
Total assets	\$ -	\$ -	\$ 116,600	\$ -	\$ 236	\$ 110,691	\$ 76,058
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 35,462	\$ -	\$ -	\$ 7,885	\$ 61,715
Accrued salaries	-	-	6,886	-	-	-	-
Due to other funds	-	-	74,252	-	-	77,806	14,343
Total liabilities	-	-	116,600	-	-	85,691	76,058
FUND BALANCE							
Nonspendable							
Restricted	-	-	-	-	236	25,000	-
Committed							
Assigned							
Unassigned							
Total fund balance	-	-	-	-	236	25,000	-
Total liabilities and fund balance	\$ -	\$ -	\$ 116,600	\$ -	\$ 236	\$ 110,691	\$ 76,058

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	Title I - Part A 224	Legislative After School - Varieur 226	IDEA Part B 227	Child Opportunity Zones 213, 228, 230	Adult Ed/ Event Start 231
ASSETS					
Cash	\$ -	\$ 3,503	\$ -	\$ 2,145	\$ -
Intergovernmental receivables	272,248	-	191,571	8,060	88,204
Due from other funds	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Total assets	\$ 272,248	\$ 3,503	\$ 191,571	\$ 10,205	\$ 88,204
LIABILITIES					
Accounts payable	\$ 802	\$ 3,503	\$ 78,380	\$ 1,327	\$ 3,124
Accrued salaries	5,959	-	2,577	1,066	3,593
Due to other funds	265,487	-	110,614	7,812	81,510
Total liabilities	272,248	3,503	191,571	10,205	88,227
FUND BALANCE					
Nonspendable					
Restricted	-	-	-	-	-
Committed					
Assigned					
Unassigned					(23)
Total fund balance	-	-	-	-	(23)
Total liabilities and fund balance	\$ 272,248	\$ 3,503	\$ 191,571	\$ 10,205	\$ 88,204

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
 Combining Balance Sheet
 School Restricted Funds
 June 30, 2014

	Title II - Professional Dev. 232	Improvement of Education PEP Fund 233	Phi Delta Kappa - Curvin 234	RI Council for Humanities 235	Race to the Top 236	RISCA Shea 237	Hannah and Friends 240
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	83,328	58,777	-	-	159,029	-	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ 83,328	\$ 58,777	\$ -	\$ -	\$ 159,029	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ 52,514	\$ 26,599	\$ -	\$ -	\$ 40,975	\$ -	\$ -
Accrued salaries	2,681	1,630	-	-	11,269	-	-
Due to other funds	27,529	30,548	-	-	106,785	-	-
Total liabilities	82,724	58,777	-	-	159,029	-	-
FUND BALANCE							
Nonspendable							
Restricted	604	-	-	-	-	-	-
Committed							
Assigned							
Unassigned							
Total fund balance	604	-	-	-	-	-	-
Total liabilities and fund balance	\$ 83,328	\$ 58,777	\$ -	\$ -	\$ 159,029	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
 Combining Balance Sheet
 School Restricted Funds
 June 30, 2014

	Friends of Varieur 241	Kitchen Equipment Stimulus 242	RISCA JMW 243	Champlin Foundation Slater 244	Tolman High Team Planning 245	CTE Categorical Funding 246
ASSETS						
Cash	\$ 1,915		\$ 1,400	\$ 3,191	\$ -	\$ 43,306
Intergovernmental receivables	-	\$ -	-	-	-	-
Due from other funds	-		-	-	-	-
Accounts receivable	-		-	-	-	-
Total assets	\$ 1,915	\$ -	\$ 1,400	\$ 3,191	\$ -	\$ 43,306
LIABILITIES						
Accounts payable	\$ 60	\$ -	\$ 457	\$ -	\$ -	\$ 38,779
Accrued salaries	-	-	-	-	-	-
Due to other funds	-		-	-	-	-
Total liabilities	60	-	457	-	-	38,779
FUND BALANCE						
Nonspendable						
Restricted	1,855	-	943	3,191	-	4,527
Committed						
Assigned						
Unassigned						
Total fund balance	1,855	-	943	3,191	-	4,527
Total liabilities and fund balance	\$ 1,915	\$ -	\$ 1,400	\$ 3,191	\$ -	\$ 43,306

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	Title I School Improv. 247	Summer Program 248	Curtis Care After School Prog.- 249	CTE 250	Carl D. Perkins 252	RI Dept. Health 253	Johnson and Johnson 254
ASSETS							
Cash	\$ -	\$ 72,521	\$ -	\$ 3,350	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	2,379	-	-	12,816	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ -	\$ 72,521	\$ 2,379	\$ 3,350	\$ -	\$ 12,816	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ 25,761	\$ -	\$ 3,350	\$ -	\$ 183	\$ -
Accrued salaries	-	-	-	-	-	133	-
Due to other funds	-	-	2,379	-	-	7,146	-
Total liabilities	-	25,761	2,379	3,350	-	7,462	-
FUND BALANCE							
Nonspendable							
Restricted	-	46,760	-	-	-	5,354	-
Committed							
Assigned							
Unassigned							
Total fund balance	-	46,760	-	-	-	5,354	-
Total liabilities and fund balance	\$ -	\$ 72,521	\$ 2,379	\$ 3,350	\$ -	\$ 12,816	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	CTE Categorical 255	ARRA Race to the Top 256	CTR for Civic Education 257	JMW General Assembly Grant 258	American Medical Corp. 259	Jenks Get Up & Go Program 261	General Assembly - JMW 262
ASSETS							
Cash	\$ 40,333	\$ -	\$ 600	\$ -			\$ -
Intergovernmental receivables		10,901	-			\$ -	-
Due from other funds	-	-	-	-	\$ -	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ 40,333	\$ 10,901	\$ 600	\$ -	\$ -	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ 9,528	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-	-
Due to other funds		1,373	-	280	-	-	-
Total liabilities	-	10,901	-	280	-	-	-
FUND BALANCE							
Nonspendable							
Restricted	40,333	-	600	-	-	-	-
Committed							
Assigned							
Unassigned				(280)			
Total fund balance	40,333	-	600	(280)	-	-	-
Total liabilities and fund balance	\$ 40,333	\$ 10,901	\$ 600	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	VSA Arts Curvin 270	JMW Adult Visiting Program 271	RI Arts Association 272	21st Century Learning 273	SIG Shea 274	21st Century Learning - Expansion 276	JMW Art Schl Legis Grant 277
ASSETS							
Cash	\$ -	\$ 2,197	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	-	-	-	34,377	123,296	61,560	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ -	\$ 2,197	\$ -	\$ 34,377	\$ 123,296	\$ 61,560	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ 2,197	\$ -	\$ 2,154	\$ 1,250	\$ 1,296	\$ -
Accrued salaries	-	-	-	1,207	-	411	-
Due to other funds	-	-	-	31,016	122,046	59,852	-
Total liabilities	-	2,197	-	34,377	123,296	61,559	-
FUND BALANCE							
Nonspendable							
Restricted	-	-	-	-	-	1	-
Committed							
Assigned							
Unassigned							
Total fund balance	-	-	-	-	-	1	-
Total liabilities and fund balance	\$ -	\$ 2,197	\$ -	\$ 34,377	\$ 123,296	\$ 61,560	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	RIDE Project Recruit 278	IDEA Sec. 619 279	Arra Title I Part A 280	Music Drives Us - Jenks 281	Evaluations of Safe Dates 282	Title IV 21st Century COH 283	Junior High Sports 284
ASSETS							
Cash	\$ -	\$ -	\$ 9,156	\$ -	\$ -	\$ -	\$ 20,215
Intergovernmental receivables	-	-	-	-	-	31,245	-
Due from other funds	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 9,156	\$ -	\$ -	\$ 31,245	\$ 20,215
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 7,076	\$ -	\$ -	\$ 1,254	\$ -
Accrued salaries	-	-	-	-	-	620	-
Due to other funds	-	-	-	-	-	29,372	-
Total liabilities	-	-	7,076	-	-	31,246	-
FUND BALANCE							
Nonspendable							
Restricted	-	-	2,080	-	-	-	20,215
Committed							
Assigned							
Unassigned						(1)	
Total fund balance	-	-	2,080	-	-	(1)	20,215
Total liabilities and fund balance	\$ -	\$ -	\$ 9,156	\$ -	\$ -	\$ 31,245	\$ 20,215

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
 Combining Balance Sheet
 School Restricted Funds
 June 30, 2014

	JMW Kennedy Grant 286	Wireless Classroom Initiative 287	JMW Kennedy Grant 288	Adult Ed - COZ 289	Legislative Start w/Arts 290	Homeland Security Grant 291	Cunningham Yellow Bus 292	PEASPS 294
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ 8,081	\$ -	\$ -	\$ -	\$ -
Intergovernmental receivables	90,099	253,106	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Total assets	\$ 90,099	\$ 253,106	\$ -	\$ 8,081	\$ -	\$ -	\$ -	\$ -
LIABILITIES								
Accounts payable	\$ 1,250	\$ 703,698	\$ -	\$ 588	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-	-	-	-
Due to other funds	88,849	-	-	-	-	-	-	-
Total liabilities	90,099	703,698	-	588	-	-	-	-
FUND BALANCE								
Nonspendable								
Restricted	-	-	-	7,493	-	-	-	-
Committed								
Assigned								
Unassigned		(450,592)						
Total fund balance	-	(450,592)	-	7,493	-	-	-	-
Total liabilities and fund balance	\$ 90,099	\$ 253,106	\$ -	\$ 8,081	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
School Restricted Funds
June 30, 2014

	Title I School Improvement 295	Pepsi Scholarship Fund 296	RI Council on Arts - Tolman 297	Legislative Grant Slater 298	Special Revenue Funds - School TOTAL
ASSETS					
Cash	\$ -	\$ 6,500	\$ -	\$ -	\$ 330,834
Intergovernmental receivables	-	-	-	4,000	1,887,933
Due from other funds	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Total assets	\$ -	\$ 6,500	\$ -	\$ 4,000	\$ 2,218,767
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,241	\$ 1,114,513
Accrued salaries	-	-	-	-	39,135
Due to other funds	-	-	-	-	1,313,662
Total liabilities	-	-	-	1,241	2,467,310
FUND BALANCE					
Nonspendable					-
Restricted	-	6,500	-	2,759	202,847
Committed					-
Assigned					-
Unassigned					(451,390)
Total fund balance	-	6,500	-	2,759	(248,543)
Total liabilities and fund balance	\$ -	\$ 6,500	\$ -	\$ 4,000	\$ 2,218,767

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Fund
For the year ended June 30, 2014

	RI Literacy & Drop Out Prevention 202	VSA Art Potter 203	21st Century Learning 204	Title I School Improvement 205	Riter Miscellaneous 206, 239	Fresh Fruit & Veg. Program 207	Laura Bush Fdn 208
REVENUES:							
Operating grants and contributions	\$ -	\$ -	\$ 134,648	\$ 53,820	\$ -	\$ 288,535	\$ -
Charges for services	-	-	-	-	-	-	-
Total revenues	-	-	134,648	53,820	-	288,535	-
EXPENDITURES:							
Education	-	-	134,648	53,820	616	336,495	-
Total expenditures	-	-	134,648	53,820	616	336,495	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	(616)	(47,960)	-
Fund balance, beginning of year	-	-	-	-	616	47,960	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	RI School Improve - Baldwin 209	School Improvement Tolman 210	Dental Program Medical Reimb. 211	Wisconsin Center For Ed Research (Ladder) 212	Luke Charitable FDN 214	Pawtucket Rotary 215	Legis After School Fallon 216
REVENUES:							
Operating grants and contributions		\$ 24,671	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Charges for services	\$ -	-	-	-	-	-	-
Total revenues	-	24,671	-	-	1,000	-	-
EXPENDITURES:							
Education		24,671		-	2,265		
Total expenditures	-	24,671	-	-	2,265	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	(1,265)	-	-
Fund balance, beginning of year	-	-	28,163	6,233	771	-	-
Fund balance, end of year	\$ -	\$ -	\$ 28,163	\$ 6,233	\$ (494)	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	RIDOT URI - Tollman 217	NE Dairy 218	Title IV Cent Cohort 219	General Assembly Baldwin 220	Bristol County 229	Perkins Grants 238 & 251	Title III LEP 222	
REVENUES:								
Operating grants and contributions		\$	-	\$ 257,288	\$	-	\$ 176,846	\$ 206,467
Charges for services	\$	-	-	-	\$	-	-	-
Total revenues	-	-	257,288	-	-	176,846	206,467	
EXPENDITURES:								
Education			257,288	140	8,857	160,974	206,467	
Total expenditures	-	-	257,288	140	8,857	160,974	206,467	
Excess (deficiency) of revenues over expenditures	-	-	-	(140)	(8,857)	15,872	-	
Fund balance, beginning of year	-	-	-	140	9,093	9,128	-	
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	236	\$ 25,000	\$ -	

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	Title I - Part A 224	Legislative After School - Varieur 226	IDEA Part B 227	Child Opportunity Zones 213, 228, 230	Adult Ed/ Event Start 231
REVENUES:					
Operating grants and contributions	\$ 4,582,117	\$ 3,500	\$ 2,384,361	\$ 27,000	\$ 351,004
Charges for services	-	-	-	-	-
Total revenues	4,582,117	3,500	2,384,361	27,000	351,004
EXPENDITURES:					
Education	4,582,117	4,544	2,384,361	27,000	351,004
Total expenditures	4,582,117	4,544	2,384,361	27,000	351,004
Excess (deficiency) of revenues over expenditures	-	(1,044)	-	-	-
Fund balance, beginning of year	-	1,044	-	-	(23)
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	(23)

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	Title II - Professional Dev. 232	Improvement of Education PEP Fund 233	Phi Delta Kappa - Curvin 234	RI Council for Humanities 235	Race to the Top 236	RISCA Shea 237	Hannah and Friends 240
REVENUES:							
Operating grants and contributions	\$ 1,004,207	\$ 225,461	\$ -		\$ 1,183,598	\$ 2,000	\$ 450
Charges for services	-	-	-	\$ -	-	-	-
Total revenues	<u>1,004,207</u>	<u>225,461</u>	<u>-</u>	<u>-</u>	<u>1,183,598</u>	<u>2,000</u>	<u>450</u>
EXPENDITURES:							
Education	1,004,207	225,461		233	1,182,433	2,000	450
Total expenditures	<u>1,004,207</u>	<u>225,461</u>	<u>-</u>	<u>233</u>	<u>1,182,433</u>	<u>2,000</u>	<u>450</u>
Excess (deficiency) of revenues over expenditures	-	-	-	(233)	1,165	-	-
Fund balance, beginning of year	604	-	-	233	(1,165)		-
Fund balance, end of year	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	Friends of Varieur 241	Kitchen Equipment Stimulus 242	RISCA JMW 243	Champlin Foundation Slater 244	Tolman High Team Planning 245	CTE Categorical Funding 246
REVENUES:						
Operating grants and contributions	\$ 2,400		\$ 1,400		\$ -	
Charges for services	-	\$ -	-	\$ -	-	\$ -
Total revenues	2,400	-	1,400	-	-	-
EXPENDITURES:						
Education	2,068	2,834	457	43,239	-	45,473
Total expenditures	2,068	2,834	457	43,239	-	45,473
Excess (deficiency) of revenues over expenditures	332	(2,834)	943	(43,239)	-	(45,473)
Fund balance, beginning of year	1,523	2,834	-	46,430	-	50,000
Fund balance, end of year	\$ 1,855	\$ -	\$ 943	\$ 3,191	\$ -	\$ 4,527

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	Title I School Improv. 247	Summer Program 248	Curtis Care After School Prog.- 249	CTE 250	Carl D. Perkins 252	RI Dept. Health 253	Johnson and Johnson 254
REVENUES:							
Operating grants and contributions		\$ 145,046	\$ 40,738		\$ -	\$ 24,933	\$ -
Charges for services	\$ -	-	-	-	-	-	-
Total revenues	-	145,046	40,738	-	-	24,933	-
EXPENDITURES:							
Education	(233)	100,133	34,316	10,833	(54)	22,338	-
Total expenditures	(233)	100,133	34,316	10,833	(54)	22,338	-
Excess (deficiency) of revenues over expenditures	233	44,913	6,422	(10,833)	54	2,595	-
Fund balance, beginning of year	(233)	1,847	(6,422)	10,833	(54)	2,759	-
Fund balance, end of year	\$ -	\$ 46,760	\$ -	\$ -	\$ -	\$ 5,354	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	CTE Categorical 255	ARRA Race to the Top 256	CTR for Civic Education 257	JMW General Assembly Grant 258	American Medical Corp. 259	Jenks Get Up & Go Program 261	General Assembly - JMW 262
REVENUES:							
Operating grants and contributions	\$ 40,333	\$ 11,547		\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Total revenues	40,333	11,547	-	-	-	-	-
EXPENDITURES:							
Education		11,547	-	(323)	5,000	45	
Total expenditures	-	11,547	-	(323)	5,000	45	-
Excess (deficiency) of revenues over expenditures	40,333	-	-	323	(5,000)	(45)	-
Fund balance, beginning of year	-	-	600	(603)	5,000	45	-
Fund balance, end of year	\$ 40,333	\$ -	\$ 600	\$ (280)	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	VSA Arts Curvin 270	JMW Adult Visiting Program 271	RI Arts Association 272	21st Century Learning 273	SIG Shea 274	21st Century Learning - Expansion 276	JMW Art Schl Legis Grant 277
REVENUES:							
Operating grants and contributions	\$ -	\$ 3,500	\$ -	\$ 104,266	\$ 361,057	\$ 163,732	-
Charges for services	-	-	-	-	-	-	-
Total revenues	-	3,500	-	104,266	361,057	163,732	-
EXPENDITURES:							
Education	-	4,997	(531)	104,266	361,057	163,732	-
Total expenditures	-	4,997	(531)	104,266	361,057	163,732	-
Excess (deficiency) of revenues over expenditures	-	(1,497)	531	-	-	-	-
Fund balance, beginning of year	-	1,497	(531)	-	-	1	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	1 \$	-

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	RIDE Project Recruit 278	IDEA Sec. 619 279	Arra Title I Part A 280	Music Drives Us - Jenks 281	Evaluations of Safe Dates 282	Title IV 21st Century COH 283	Junior High Sports 284
REVENUES:							
Operating grants and contributions	\$ -	\$ 86,284	\$ 9,156	\$ -	\$ -	\$ 180,000	\$ 15,000
Charges for services	-	-	-	-	-	-	-
Total revenues	-	86,284	9,156	-	-	180,000	15,000
EXPENDITURES:							
Education	(99)	86,284	7,076	-	-	180,000	8,251
Total expenditures	(99)	86,284	7,076	-	-	180,000	8,251
Excess (deficiency) of revenues over expenditures	99	-	2,080	-	-	-	6,749
Fund balance, beginning of year	(99)	-	-	-	-	(1)	13,466
Fund balance, end of year	\$ -	\$ -	\$ 2,080	\$ -	\$ -	(1)	\$ 20,215

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	JMW Kennedy Grant 286	Wireless Classroom Initiative 287	JMW Kennedy Grant 288	Adult Ed - COZ 289	Legislative Start w/Arts 290	Homeland Security Grant 291	Cunningham Yellow Bus 292	PEASPS 294
REVENUES:								
Operating grants and contributions	\$ 263,697	\$ 253,106	\$ 6,367	\$ 4,763	\$ -	\$ (27,340)	\$ 2,925	\$ -
Charges for services	-	-	-	-	-	-	-	-
Total revenues	263,697	253,106	6,367	4,763	-	(27,340)	2,925	-
EXPENDITURES:								
Education	263,697	703,698	6,367	2,298		(14,611)	2,925	-
Total expenditures	263,697	703,698	6,367	2,298	-	(14,611)	2,925	-
Excess (deficiency) of revenues over expenditures	-	(450,592)	-	2,465	-	(12,729)	-	-
Fund balance, beginning of year	-	-	-	5,028	-	12,729	-	-
Fund balance, end of year	\$ -	\$ (450,592)	\$ -	\$ 7,493	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
School Restricted Funds
For the year ended June 30, 2014

	Title I School Improvement 295	Pepsi Scholarship Fund 296	RI Council on Arts - Tolman 297	Legislative Grant Slater 298	Special Revenue Funds - School TOTAL
REVENUES:					
Operating grants and contributions	\$ -	\$ -	\$ 1,320	\$ 4,000	\$ 12,605,203
Charges for services	-	-	-	-	-
Total revenues	-	-	1,320	4,000	12,605,203
EXPENDITURES:					
Education	-	2,000	1,320	1,241	13,111,692
Total expenditures	-	2,000	1,320	1,241	13,111,692
Excess (deficiency) of revenues over expenditures	-	(2,000)	-	2,759	(506,489)
Fund balance, beginning of year	-	8,500	-	-	257,946
Fund balance, end of year	\$ -	\$ 6,500	\$ -	\$ 2,759	\$ (248,543)

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Capital Projects Funds
June 30, 2014

	Construction Bond 400	CH 44/51 PL2008 Streets & Sidewalks 408	CH168/155 PL2012 Streets & Sidewalks 409	CH34/44 PL2010 Streets & Sidewalks 413	CH 37/46 PL2006 Renovate & Improve Public Building 420	CH 34/43 PL2008 Renovate & Improve Public Building 426	CH167/157 PL2012 Renovate & Improve Public Building 428	CH 52/40 PL2008 Renovate & Equip Recreation 430	CH 37/45 PL2010 Renovate & Equip Recreation 431
ASSETS									
Cash and cash equivalents	\$ -		\$ 180,697	\$ 182,121	\$ 7,837	\$ 37,888	\$ 248,718	\$ 153,132	\$ 600,000
Investments	- \$	-		-	-	-		-	-
Accounts receivable	-	-		-	-	-		-	-
Total assets	\$ -	\$ -	\$ 180,697	\$ 182,121	\$ 7,837	\$ 37,888	\$ 248,718	\$ 153,132	\$ 600,000
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ 180,697	\$ 8,403	\$ 7,837	\$ -	\$ 3,591	\$ -	\$ -
Due to other funds	-	-		-	-	-	\$ -	-	-
Notes payable	-	500,000	500,000	1,000,000	-	350,000	350,000	300,000	600,000
Total liabilities	-	500,000	680,697	1,008,403	7,837	350,000	353,591	300,000	600,000
FUND BALANCE									
Nonspendable									
Restricted	-				-				-
Committed									
Assigned									
Unassigned		(500,000)	(500,000)	(826,282)		(312,112)	(104,873)	(146,868)	
Total fund balance	-	(500,000)	(500,000)	(826,282)	-	(312,112)	(104,873)	(146,868)	-
Total liabilities and fund balance	\$ -	\$ -	\$ 180,697	\$ 182,121	\$ 7,837	\$ 37,888	\$ 248,718	\$ 153,132	\$ 600,000

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Capital Projects Funds
June 30, 2014

	CH 123/146 PL2006 Renovate & Equip Recreation 435	CH 35/43 PL2010 Sewer & Sanitary System 450	CH 35/53 PL2008 Sewer & Sanitary System 451	CH 170/153 PL2012 Sewer & Sanitary System 456	CH 290 PL2002 Renovate & Equip School Building 460	CH 79 PL2004 Renovate & Equip School Building 461
ASSETS						
Cash and cash equivalents		\$ 7,419		\$ 139,882		
Investments	\$ -	-	-		\$ -	-
Accounts receivable	-	-	-		-	-
Total assets	\$ -	\$ 7,419	\$ -	\$ 139,882	\$ -	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ 5,896	\$ -	\$ 3,268	\$ -	-
Due to other funds	-	-	-		-	-
Notes payable	-	300,000	150,000	150,000	-	-
Total liabilities	-	305,896	150,000	153,268	-	-
FUND BALANCE						
Nonspendable						
Restricted	-				-	-
Committed						
Assigned						
Unassigned		(298,477)	(150,000)	(13,386)		
Total fund balance	-	(298,477)	(150,000)	(13,386)	-	-
Total liabilities and fund balance	\$ -	\$ 7,419	\$ -	\$ 139,882	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Capital Projects Funds
June 30, 2014

	CH477/428 PL2012 Renovate & Equip School Building 464	CH270/426 PL2008 Renovate & Equip School Building 466	CH38/33 PL2010 Renovate & Equip School Building 467	CH 39/50 PL2006 Road & Traffic 472	CH 39/42 PL2010 Road & Traffic 473	CH 33/41 PL2008 Road & Traffic 474	CH166/154 PL2012 Highway 477	CH 35/45 PL2008 Highway Bridges 478	CH 46/48 PL2010 Highway Bridges 479
ASSETS									
Cash and cash equivalents	\$ 3,000,000	\$ 57,122	\$ 410,062	\$ 12,372	\$ 195,877	\$ 200,000	\$ 100,000	\$ 47,589	\$ 200,000
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ 3,000,000	\$ 57,122	\$ 410,062	\$ 12,372	\$ 195,877	\$ 200,000	\$ 100,000	\$ 47,589	\$ 200,000
LIABILITIES									
Accounts payable	\$ 232,881	\$ -	\$ 308,747	\$ 10,244	\$ 4,123	\$ -	\$ -	\$ 15,258	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Notes payable	3,000,000	1,500,000	3,000,000	-	200,000	100,000	100,000	100,000	200,000
Total liabilities	3,232,881	1,500,000	3,308,747	10,244	204,123	100,000	100,000	115,258	200,000
FUND BALANCE									
Nonspendable									
Restricted				2,128		100,000	-		-
Committed									
Assigned									
Unassigned	(232,881)	(1,442,878)	(2,898,685)		(8,246)			(67,669)	
Total fund balance	(232,881)	(1,442,878)	(2,898,685)	2,128	(8,246)	100,000	-	(67,669)	-
Total liabilities and fund balance	\$ 3,000,000	\$ 57,122	\$ 410,062	\$ 12,372	\$ 195,877	\$ 200,000	\$ 100,000	\$ 47,589	\$ 200,000

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Capital Projects Funds
June 30, 2014

	Newman Crosby Soccer Complex 812	State Preservation Grant 835	Healthy Places By Design 840	State Pier Town Landing 841	Galego Court Soccer Field 844	Preserve America 845	Energy Effic. & Conserv BG 847
ASSETS							
Cash and cash equivalents	\$ 7,084	\$ 125	\$ 18,295	\$ -	\$ 25,926	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ 7,084	\$ 125	\$ 18,295	\$ -	\$ 25,926	\$ -	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
FUND BALANCE							
Nonspendable							
Restricted	7,084	125	18,295	-	25,926	-	-
Committed							
Assigned							
Unassigned							
Total fund balance	7,084	125	18,295	-	25,926	-	-
Total liabilities and fund balance	\$ 7,084	\$ 125	\$ 18,295	\$ -	\$ 25,926	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Capital Projects Funds
June 30, 2014

	River Corridor Dev. Plan 848	Friendship Gardens Improv 849	ST-Pier Brownfields 853	Leap 1 Federal and State 856	Leap 2 State 857	Lease FY 2013 893	Lease FY 2009 899	Capital Projects Funds TOTALS
ASSETS								
Cash and cash equivalents	\$ -	\$ 7,365	\$ 50,000	\$ -	\$ -	\$ 1,127,715	\$ -	\$ 7,017,226
Investments			-	-			-	-
Accounts receivable	5,274		406,545	-	-			411,819
Total assets	\$ 5,274	\$ 7,365	\$ 456,545	\$ -	\$ -	\$ 1,127,715	\$ -	\$ 7,429,045
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 406,545	\$ -	\$ -	\$ -	\$ -	\$ 1,187,490
Due to other funds	5,274		478	1,090	13,802			20,644
Notes payable	-	-	-	-	-			12,400,000
Total liabilities	5,274	-	407,023	1,090	13,802	-	-	13,608,134
FUND BALANCE								
Nonspendable								-
Restricted	-	7,365				1,127,715	-	1,288,638
Committed								-
Assigned								-
Unassigned			49,522	(1,090)	(13,802)			(7,467,727)
Total fund balance	-	7,365	49,522	(1,090)	(13,802)	1,127,715	-	(6,179,089)
Total liabilities and fund balance	\$ 5,274	\$ 7,365	\$ 456,545	\$ -	\$ -	\$ 1,127,715	\$ -	\$ 7,429,045

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Capital Projects Funds
For the year ended June 30, 2014

	Construction Bond 400	CH 44/51 PL2008 Streets & Sidewalks 408	CH168/155 PL2012 Streets & Sidewalks 409	CH34/44 PL2010 Streets & Sidewalks 413	CH 37/46 PL2006 Renovate & Improve Public Building 420	CH 34/43 PL2008 Renovate & Improve Public Building 426	CH167/157 PL2012 Renovate & Improve Public Building 428	CH 52/40 PL2008 Renovate & Equip Recreation 430	CH 37/45 PL2010 Renovate & Equip Recreation 431
REVENUES:									
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	10,122	-	-	-	-
Public works	-	480	500,000	292,648	-	143,110	97,004	202,685	-
Education	-	-	-	-	-	-	-	-	-
Total expenditures	-	480	500,000	292,648	10,122	143,110	97,004	202,685	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	(480)	(500,000)	(292,648)	(10,122)	(143,110)	(97,004)	(202,685)	-
Other financing sources (uses):									
Transfers from other funds	-	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	(1,727)	-	-	(7,869)	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(1,727)	-	-	(7,869)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	-	(480)	(500,000)	(294,375)	(10,122)	(143,110)	(104,873)	(202,685)	-
Fund balance, beginning of year	-	(499,520)	(531,907)	(531,907)	10,122	(169,002)	55,817	55,817	-
Fund balance, end of year	\$ -	\$ (500,000)	\$ (500,000)	\$ (826,282)	\$ -	\$ (312,112)	\$ (104,873)	\$ (146,868)	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Capital Projects Funds
For the year ended June 30, 2014

	CH 123/146 PL2006 Renovate & Equip Recreation 435	CH 35/43 PL2010 Sewer & Sanitary System 450	CH 35/53 PL2008 Sewer & Sanitary System 451	CH 170/153 PL2012 Sewer & Sanitary System 456	CH 290 PL2002 Renovate & Equip School Building 460	CH 79 PL2004 Renovate & Equip School Building 461
REVENUES:						
Capital grants and contributions	\$ -	\$ -	\$ -		\$ -	\$ -
Investment income						
Total revenues	-	-	-	-	-	-
EXPENDITURES:						
Legislative	-	-	-		-	-
Planning	-	-	-		-	-
Public safety	-	-	-		-	-
Public works	33,349	71,047	-	13,386	24,069	11,799
Education	-	-	-		-	-
Total expenditures	33,349	71,047	-	13,386	24,069	11,799
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(33,349)	(71,047)	-	(13,386)	(24,069)	(11,799)
Other financing sources (uses):						
Transfers from other funds	-	-	-		-	-
Transfers to other funds	-	-	-		-	-
Capital lease proceeds	-	-	-		-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(33,349)	(71,047)	-	(13,386)	(24,069)	(11,799)
Fund balance, beginning of year	33,349	(227,430)	(150,000)	-	24,069	11,799
Fund balance, end of year	\$ -	\$ (298,477)	\$ (150,000)	\$ (13,386)	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Capital Projects Funds
For the year ended June 30, 2014

	CH477/428 PL2012 Renovate & Equip School Building 464	CH270/426 PL2008 Renovate & Equip School Building 466	CH38/33 PL2010 Renovate & Equip School Building 467	CH 39/50 PL2006 Road & Traffic 472	CH 39/42 PL2010 Road & Traffic 473	CH 33/41 PL2008 Road & Traffic 474	CH166/154 PL2012 Highway 477	CH 35/45 PL2008 Highway Bridges 478	CH 46/48 PL2010 Highway Bridges 479
REVENUES:									
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	24,187	8,246	-	-	17,928	-
Education	232,881	72,680	2,412,622	-	-	-	-	-	-
Total expenditures	232,881	72,680	2,412,622	24,187	8,246	-	-	17,928	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(232,881)	(72,680)	(2,412,622)	(24,187)	(8,246)	-	-	(17,928)	-
Other financing sources (uses):									
Transfers from other funds	-	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	(4,798)	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(4,798)	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	(232,881)	(72,680)	(2,412,622)	(28,985)	(8,246)	-	-	(17,928)	-
Fund balance, beginning of year		(1,370,198)	(486,063)	31,113	-	100,000		(49,741)	-
Fund balance, end of year	\$ (232,881)	\$ (1,442,878)	\$ (2,898,685)	\$ 2,128	\$ (8,246)	\$ 100,000	\$ -	\$ (67,669)	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Capital Projects Funds
For the year ended June 30, 2014

	Newman Crosby Soccer Complex 812	State Preservation Grant 835	Healthy Places By Design 840	State Pier Town Landing 841	Galego Court Soccer Field 844	Preserve America Broad St. 845	Energy Effic. & Conserv BG 847
REVENUES:							
Capital grants and contributions	\$ -	\$ -	\$ -	\$ 5,380	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-	-	-
Total revenues	-	-	-	5,380	-	-	-
EXPENDITURES:							
Legislative	-	-	-	-	-	-	-
Planning	-	-	-	5,380	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Total expenditures	-	-	-	5,380	-	-	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	-	-	-	-	-	-
Other financing sources (uses):							
Transfers from other funds	-	-	-	-	-	81	14,394
Transfers to other funds	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	81	14,394
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	-	-	-	-	-	81	14,394
Fund balance, beginning of year	7,084	125	18,295	-	25,926	(81)	(14,394)
Fund balance, end of year	\$ 7,084	\$ 125	\$ 18,295	\$ -	\$ 25,926	\$ -	\$ -

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Capital Projects Funds
For the year ended June 30, 2014

	River Corridor Dev. Plan 848	Friendship Gardens Improv 849	ST-Pier Brownfields 853	Leap 1 Federal and State 856	Leap 2 State 857	Lease FY 2013 893	Lease FY 2009 899	Capital Projects Funds TOTALS
REVENUES:								
Capital grants and contributions	\$ (25,361)		\$ 1,226,613	\$ 16,353	\$ 13,627	\$ -	\$ -	1,236,612
Investment income						9,724		9,724
Total revenues	(25,361)	-	1,226,613	16,353	13,627	9,724	-	1,246,336
EXPENDITURES:								
Legislative		-	-	-	-			-
Planning	(25,361)	1,075	42,665	-	-		18,332	42,091
Public safety		-	-	-	-		-	10,122
Public works		-	1,133,858	-	-	1,999,509	-	4,573,305
Education		-	-	-	-		-	2,718,183
Total expenditures	(25,361)	1,075	1,176,523	-	-	1,999,509	18,332	7,343,701
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	-	(1,075)	50,090	16,353	13,627	(1,989,785)	(18,332)	(6,097,365)
Other financing sources (uses):								
Transfers from other funds	-	-	-	-	-		-	14,475
Transfers to other funds	-	-	-	-	-		-	(14,394)
Capital lease proceeds						3,117,500	-	3,117,500
Total other financing sources (uses)	-	-	-	-	-	3,117,500	-	3,117,581
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	-	(1,075)	50,090	16,353	13,627	1,127,715	(18,332)	(2,979,784)
Fund balance, beginning of year	-	8,440	(568)	(17,443)	(27,429)		18,332	(3,199,305)
Fund balance, end of year	\$ -	\$ 7,365	\$ 49,522	\$ (1,090)	\$ (13,802)	\$ 1,127,715	\$ -	\$ (6,179,089)

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Permanent Funds
June 30, 2014

	Pawtucket Tricentennial 142	Library Zucker Trust 170	Library Little Acorn Trust 172	Library Caidin Trust 177	Community Service Library 180
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	10,436	24,095	502,982	88,034	22,328
Notes receivable	-	-	-	-	-
Total assets	\$ 10,436	\$ 24,095	\$ 502,982	\$ 88,034	\$ 22,328
LIABILITIES					
Accounts payable	\$ -	\$ 518	\$ -	\$ -	\$ -
Accrued expenditures	-	-	-	-	-
Due to other funds	-	276	-	2,420	-
Total liabilities	-	794	-	2,420	-
FUND BALANCE					
Nonspendable	10,436	23,301	502,982	85,614	22,328
Restricted					
Committed					
Assigned					
Unassigned					
Total fund balance	10,436	23,301	502,982	85,614	22,328
Total liabilities and fund balance	\$ 10,436	\$ 24,095	\$ 502,982	\$ 88,034	\$ 22,328

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental – Permanent Funds
June 30, 2014

	Citizens Committee PPL 181	Gerald Burns Fund 194	Cemetery Perpetual Care 708	Cemetery Improvements 709	Leon Mathieu Donations 827	Permanent Funds TOTALS
ASSETS						
Cash	\$ -	\$ -	\$ 75,329	\$ 84,919	\$ 1,594	\$ 161,842
Investments	22,402	19,524	-	-	-	689,801
Notes receivable	-		270,000		-	270,000
Total assets	\$ 22,402	\$ 19,524	\$ 345,329	\$ 84,919	\$ 1,594	\$ 1,121,643
LIABILITIES						
Accounts payable	\$ -		\$ 90		\$ 686	\$ 1,294
Accrued expenditures	-	-	-	-	908	908
Due to other funds	790	146	-	-	-	3,632
Total liabilities	790	146	90	-	1,594	5,834
FUND BALANCE						
Nonspendable	21,612	19,378	345,239	84,919	-	1,115,809
Restricted						-
Committed						-
Assigned						-
Unassigned						-
Total fund balance	21,612	19,378	345,239	84,919	-	1,115,809
Total liabilities and fund balance	\$ 22,402	\$ 19,524	\$ 345,329	\$ 84,919	\$ 1,594	\$ 1,121,643

(Concluded)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Permanent Funds
For the year ended June 30, 2014

	Pawtucket Tercentennial 142	Library Zucker Trust 170	Library Little Acorn Trust 172	Library Caidin Trust 177	Community Service Library 180
REVENUES:					
Operating grants and contributions					
Charges for services	-	-	-		-
Investment income	\$ 1,680	\$ 2,589	\$ 84,140	\$ 9,458	\$ 2,399
Total revenues	1,680	2,589	84,140	9,458	2,399
EXPENDITURES:					
Legislative	-				-
Planning	-				-
Public safety	-				-
Public works	-				-
Education		793		2,420	
Total expenditures	-	793	-	2,420	-
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	1,680	1,796	84,140	7,038	2,399
Other financing sources (uses):					
Transfers from other funds	60	-	-	-	-
Transfers to other funds	-	-	(18,000)	-	-
Total other financing sources (uses)	60	-	(18,000)	-	-
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	1,740	1,796	66,140	7,038	2,399
Fund balance, beginning of year	8,696	21,505	436,842	78,576	19,929
Fund balance, end of year	\$ 10,436	\$ 23,301	\$ 502,982	\$ 85,614	\$ 22,328

(Continued)

CITY OF PAWTUCKET, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Non-Major Governmental – Permanent Funds
For the year ended June 30, 2014

	Citizens Committee PPL 181	Gerald Burns Fund 194	Cemetery Perpetual Care 708	Cemetery Improvements 709	Leon Mathieu Donations 827	Permanent Funds TOTALS
REVENUES:						
Operating grants and contributions			\$ 1,900			\$ 1,900
Charges for services	-	-			6,025	6,025
Investment income	\$ 2,407	\$ 2,096	16	\$ 213	-	104,998
Total revenues	2,407	2,096	1,916	213	6,025	112,923
EXPENDITURES:						
Legislative	-			-		-
Planning	-			-		-
Public safety	-			-		-
Public works	-		5,469		7,851	13,320
Education	800	111		-		4,124
Total expenditures	800	111	5,469	-	7,851	17,444
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	1,607	1,985	(3,553)	213	(1,826)	95,479
Other financing sources (uses):						
Transfers from other funds	-	-	-	-	-	60
Transfers to other funds	-	-	-	-	(1,189)	(19,189)
Total other financing sources (uses)	-	-	-	-	(1,189)	(19,129)
Excess (deficiency) of revenues and other sources over expenditures and other financing uses	1,607	1,985	(3,553)	213	(3,015)	76,350
Fund balance, beginning of year	20,005	17,393	348,792	84,706	3,015	1,039,459
Fund balance, end of year	\$ 21,612	\$ 19,378	\$ 345,239	\$ 84,919	\$ -	\$ 1,115,809

(Concluded)

City of Pawtucket, Rhode Island
Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2014

	Beginning Balance July 1, 2013	Additions	Deductions	Ending Balance June 30, 2014
<u>SCHOOL ACTIVITY FUNDS</u>				
<i>ASSETS</i>				
Cash	\$ 345,204	\$ 546,345	\$ 561,933	\$ 329,616
<i>LIABILITIES</i>				
Due to student groups	\$ 345,204	\$ 546,345	\$ 561,933	\$ 329,616

STATISTICAL SECTION

CITY OF PAWTUCKET, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT

YEAR ENDED JUNE 30, 2014

REAL ESTATE, MOTOR VEHICLE, AND PERSONAL PROPERTY TAXES

<u>Tax Roll Year</u>	<u>Balance, July 1, 2013</u>	<u>Current year assessment</u>	<u>Supplements</u>	<u>Abatements/ Adjustments</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Adjustments to Tax Due</u>	<u>Balance, June 30, 2014</u>
2013	\$ -	\$ 99,386,793	\$ -	\$ (140,150)	\$ 99,246,643	\$ (94,248,811)	\$ -	\$ 4,997,832
2012	5,554,088			(63,310)	5,490,778	(3,524,991)		1,965,787
2011	1,865,283			(57,398)	1,807,885	(603,788)		1,204,097
2010	839,085			(10,379)	828,706	(160,969)		667,737
2009	442,725			(13,699)	429,026	(43,870)		385,156
2008	422,719			(5,871)	416,848	(18,133)		398,715
2007	376,653			(3,513)	373,140	(11,326)		361,814
2006	353,617			(2,331)	351,286	(5,219)		346,067
2005	408,773			(2,039)	406,734	(5,036)		401,698
2004 & Prior	448,862			57,701	506,563	(3,174)		503,389
	<u>\$ 10,711,805</u>	<u>\$ 99,386,793</u>	<u>\$ -</u>	<u>\$ (240,989)</u>	<u>\$ 109,857,609</u>	<u>\$ (98,625,317)</u>	<u>\$ -</u>	<u>\$ 11,232,292</u>

Schedule of Net Assessed Property, Value by Category:

<u>Description of Property</u>	<u>Valuations December 31, 2012</u>	<u>Levy July 1, 2013</u>	<u>Reconciliation of Current Year Property Tax Revenue</u>	
Real property	\$ 3,285,998,673	\$ 79,124,596	Current year collections	\$ 98,625,317
Motor vehicles	283,010,184	14,472,308	Reserve collected within 60 days subsequent to fiscal 2013	2,619,475
Tangible	145,582,320	5,789,889		101,244,792
Total	3,714,591,177	99,386,793		
Exemptions	(139,008,413)	-	Prior year revenue received in current year	(1,229,192)
Net Assessed value	<u>\$ 3,575,582,764</u>	<u>\$ 99,386,793</u>	Current year property tax revenue	<u>\$ 100,015,600</u>

CITY OF PAWTUCKET, RHODE ISLAND
COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2014

Gross assessed value	\$ 3,714,591,177
Less: exempt property	(139,008,413)
Total taxable assessed value	<u>\$ 3,575,582,764</u>
Debt Limit - 3 percent of total assessed value	\$ 107,267,483
Amount of debt applicable to debt limit	7,200,523
Legal debt margin	<u><u>\$ 100,066,960</u></u>

SINGLE AUDIT SECTION



Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

The Honorable President and
Members of City Council
City of Pawtucket, Rhode Island
Pawtucket, Rhode Island

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Pawtucket, Rhode Island (the City) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance Required by
OMB Circular A-133 (Continued)**

Honorable President and Members of City Council
City of Pawtucket, Rhode Island

Auditors' Responsibility (Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on National School Lunch Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding eligibility that are applicable to its National School Lunch Program as described in Item 2014-002. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on National School Lunch Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the National School Lunch Program for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

The City's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance Required by
OMB Circular A-133 (Continued)**

Honorable President and Members of City Council
City of Pawtucket, Rhode Island

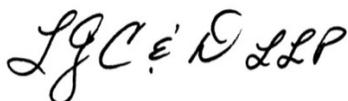
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Providence, Rhode Island
January 7, 2015

CITY OF PAWTUCKET, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS\
YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed Through State of Rhode Island Department of Education:			
National School Lunch Program	10.555	N/A	\$ 4,293,019
Fresh Fruit & Vegetables Program	10.582	N/A	336,495
Emergency Watershed Protection Program - ARRA	10.923	68-1535-12-01	28,620
Total U.S. Department of Agriculture			<u>4,658,134</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-44-0002	749,799
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-44-0002	1,138,417
Community Development Block Grants/State's program	14.228	11/38/01	133,483
Community Development Block Grants/State's program	14.218	B-12-MC-44_0002	587,471
Emergency Solutions Grant Program	14.231	E-12-MC-44-0002	43,698
Emergency Solutions Grant Program	14.231	E-13-MC-44-0002	115,620
Home Investment Partnerships Program	14.239	M-12-MC-44-0200	743,865
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-44-0002	27,034
HUD Program income	14.218	B-13-MC-44-0002	90,144
Total U.S. Department of Housing and Urban Development			<u>3,629,531</u>
U.S. Department of the Interior National Park Service			
Fish and Wildlife			
RIDEM Pass through Festival Pier	15.605	F128F01415	402,105
Total U.S. Department of the Interior			<u>402,105</u>
U.S. Department of Justice			
Direct Programs:			
Equitable Sharing Drug Enforcement	16.001	RI0040800	273,116
Edward Byrne Memorial Justice Assistance Grant Program	16.751	JleOTFS4	13,622
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2319	41,262
			<u>328,000</u>
Passed through State of RI Governor's Justice Commission:			
Juvenile Accountability Block	16.540	11JDP-11AMDENED2	11,641
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,417
Enforcing Underage Drinking Laws Program	16.727	99JPF0044	9,879
Subtotal State of RI Governor's Justice Commission			<u>23,937</u>
Total U.S. Department of Justice			<u>351,937</u>
U.S. Department of Transportation			
Passed Through State of RI Department of Transportation:			
Highway Planning & Construction	20.205	FBD-REGT(04)	15,715
Recreation Trails Grant	20.219		12,000
State and Community Highway Safety	20.600		88,143
Total U.S. Department of Transportation			<u>115,858</u>
U.S. Department of Education			
Direct Program:			
Fund for the Improvement of Education	84.215G	D215G130153	225,456
Fund for the Improvement of Education	84.215K	U215K080240	6,367
			<u>231,823</u>

CITY OF PAWTUCKET, RHODE ISLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education (continued)			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	2725-11702-301	\$ 4,582,117
Special Education Cluster:			
Special Education - Grants to States	84.027A	1430-50500-701	2,384,361
Special Education - Grants to States	84.027A	1430-50500-701	5,000
Special Education - Preschool Grants	84.173A	1430-50800-701	86,283
Race to the Top - ARRA	84.395A	4572-13502-various	1,201,057
Twenty-First Century Community Learning Centers	84.287C	Various	839,935
English Language Acquisition State Grants	84.365A	1420-54100-701	206,467
Improving Teacher Quality State Grants	84.367A	2725-16402-201	1,004,202
School Improvement Grants 1003(g)	84.377	2725-1162-various	703,246
School Improvement Grants 1003(a)	84.377	2725-11702-201	(233)
Career and Technical Education- Basic Grants to States	84.048A	Various	160,974
Subtotal State Department of Education			<u>11,173,409</u>
Total U.S. Department of Education			<u>11,405,232</u>
U.S. Environmental Protection Agency			
Passed through Passive Historic Park Program:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF96136301	177,660
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	CA BF 9611701-0	34,870
Capitalization Grant for Drinking Water State Revolving Funds - ARRA	66.468		54,637
			<u>267,167</u>
Passed through Rhode Island DEM			
State and tribal pass-through grant	66.817		50,000
			<u>50,000</u>
Total U.S. Environmental Protection Agency			<u>317,167</u>
U.S. Department of Health and Human Services			
Direct Program:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services & Senior Centers	93.044	2009-21201032-340	34,311
Total U.S. Department of Health and Human Services			<u>34,311</u>
Corporation for National and Community Service			
Learn & Serve America - School and Community Based Program	94.006	Various	450
Total Corporation for National and Community Service			<u>450</u>
U.S. Department of Homeland Security			
Passed through State of RI Emergency Management Agency:			
State and Local Homeland Security National Training Program	97.005		12,267
Homeland Security Grant Program	97.067	26-227EQ-FY2010 EMP	200
Subtotal State of RI Emergency Management Agency			<u>12,467</u>
Passed through Federal Emergency Management Agency:			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2012-FH-00753	1,975,726
Subtotal State of Federal Emergency Management Agency			<u>1,975,726</u>
Total U.S. Department of Homeland Security			<u>1,988,193</u>
Total Expenditures of Federal Awards			<u>\$ 22,902,918</u>

See notes to schedule of expenditures of federal awards

CITY OF PAWTUCKET, RHODE ISLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

1. Summary of significant accounting policies:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Pawtucket, Rhode Island (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Revolving loan program:

The City has the following loans receivable balance at June 30, 2014:

Program Title	Federal CFDA Number	Amount Outstanding
Community Development Block Grant/Entitlement Grants – Revolving Loan	14.218	\$ 2,452,317

3. Matching requirements:

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on this Schedule.



Independent Auditors' 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 City Council
City of Pawtucket, Rhode Island
Pawtucket, Rhode Island

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pawtucket, Rhode Island (the City), and the related notes to the financial statements, which comprise the City's basic financial statements as of and for the year ended June 30, 2014, and have issued our report thereon dated January 7, 2015. Our report includes a reference to other auditors who audited the financial statements of the Pawtucket Business Development Corporation, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Independent Auditors' 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 (Continued)**

The Honorable President and
Members of the City Council
City of Pawtucket, Rhode Island

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Item 2014-001, that we consider to be a significant deficiency.

Compliance and Other Matters

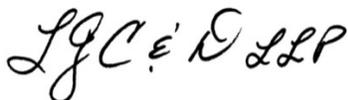
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Providence, Rhode Island
January 7, 2015

CITY OF PAWTUCKET, RHODE ISLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u>	yes	_____ no
Noncompliance material to financial statements noted?	_____	yes	<u> X </u> no

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____	yes	<u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	<u> X </u> no
Type of auditors’ report issued on compliance for major programs:	Qualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u>	yes	_____ no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.555	National School Lunch Program
84.027A, 84.173A	Special Education Cluster
84.395A, 84.412A	Race to the Top
84.287C	Twenty-First Century Community Learning Centers
84.367A	Improving Teacher Quality State Grants
97.083	Staffing for Adequate Fire & Emergency Response

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$687,088 </u>		
Auditee qualified as low-risk auditee?	_____	yes	<u> X </u> no

CITY OF PAWTUCKET, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings

2014-001 Claims and Judgments:

Criteria:

The recording of claims and judgments in accordance with accounting principles generally accepted in the United States of America (GAAP) requires an accrual of a liability in the government-wide financial statements when a loss is probable and the amount can be reasonably estimated, and in the fund financial statements when the amounts are due and payable.

Condition:

The City's recording of claims and judgments is not in accordance with GAAP, resulting in an overstatement of accrued expenses at June 30, 2014 in the amounts of \$276,335 and \$524,835 on the government-wide statement of net position and the General Fund balance sheet, respectively.

Effect:

At June 30, 2014, accrued expenses are overstated by \$276,335 and \$524,835 on the government-wide statement of net position and the General Fund balance sheet, respectively.

Cause:

The City utilizes the accrued legal liability to ensure it reserves for potential legal claims payable, even though the claim may not meet the criteria for accrual under GAAP.

Recommendation:

The City should consider the use of commitments on fund balance if it wishes to set aside fund balance for future potential losses that do not meet the criteria for accrual under GAAP.

Views of Responsible Officials and Planned Corrective Actions:

The City's current policy for recording claims and judgments, which records a "reserve" or liability for those pending lawsuits that the City may ultimately have to pay after the end of a fiscal year, was created based on the recommendation of a previous auditor. The City will consider modifying its current policy to ensure compliance with GAAP and consider the use of commitments on fund balance to set aside fund balance for future potential losses that do not meet the criteria for accrual under GAAP.

CITY OF PAWTUCKET, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section III – Federal Award Findings and Questioned Costs

2014-002 National School Lunch Program (CFDA # 10.555):

Criteria:

Students wishing to be considered for eligibility for free or reduced food services must complete an application identifying household income and submit it to the Pawtucket School Department. Household income is then used to determine whether the student is eligible for free or reduced lunch.

Condition:

The School Department receives federal funding to assist students with providing free and reduced school lunch and breakfast. At the beginning of the school year, the Pawtucket School Department distributes applications to students to apply for free or reduced food services. These applications are received and processed by the Pawtucket School Department to determine which students are eligible to receive free or reduced lunch. During our audit, we noted that the list of students receiving free or reduced food services had some inaccuracies and some of the applications selected for testing were missing and thus unavailable for testing eligibility. In addition, we noted that one student was not receiving the proper benefit based on the household income noted on the application.

Effect:

Ineligible students may be receiving free or reduced food services, or the benefits received by a student may not be the proper benefits.

Cause:

The application process and related recordkeeping is centralized within the food service department, however management does not perform an independent review of these procedures.

Recommendation:

We recommend that management perform a periodic review in which students appearing on the census which are categorized as “directly certified” are cross-referenced to the electronic listing of such students to ensure the listing is complete and accurate. Further, management should also review the household income reported on applications to ensure that classification as free or reduced is appropriate based on documented household income.

CITY OF PAWTUCKET, RHODE ISLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2014

Section III – Federal Award Findings and Questioned Costs (Continued)

2014-002 National School Lunch Program (CFDA # 10.555) (continued):

Views of Responsible Officials and Planned Corrective Actions:

Beginning in fiscal year 2015, the Grants and Resource Accounting Manager will annually review applications, which are based on income data provided by parents/guardians, to be sure students are correctly classified as being eligible to receive free or reduced food service. In addition, the Pawtucket School Department will work to accommodate the distinction between direct certifications and those who apply for free or reduced lunch, as the current system does not differentiate between the two.

CITY OF PAWTUCKET, RHODE ISLAND

City Hall, 137 Roosevelt Ave
Pawtucket, RI 02860
(401) 728-0500

CORRECTIVE ACTION PLAN

Name of auditee: City of Pawtucket, Rhode Island
Audit Firm: LGC&D LLP
Audit Period: Year ended June 30, 2014

Prepared by: Joanna L'Heureux, CPA
Position: Director of Finance
Telephone number: 401-728-0500

2014-001 Claims and Judgments:

Condition:

The City's recording of claims and judgments is not in accordance with GAAP, resulting in an overstatement of accrued expenses at June 30, 2014 in the amounts of \$276,335 and \$524,835 on the government-wide statement of net position and the General Fund balance sheet, respectively.

Views of Responsible Officials and Planned Corrective Actions:

The City will consider modifying its current policy to ensure compliance with GAAP and consider the use of commitments on fund balance to set aside fund balance for future potential losses that do not meet the criteria for accrual under GAAP.

2014-002 National School Lunch Program (CFDA # 10.555):

Condition:

During our audit, we noted that the list of students receiving free or reduced food services had some inaccuracies and some of the applications selected for testing were missing and thus unavailable for testing eligibility. In addition, we noted that one student was not receiving the proper benefit based on household income. The results of our testing identified that ineligible students may be receiving free or reduced food services.

Views of Responsible Officials and Planned Corrective Actions:

Beginning in fiscal year 2015, the Grants and Resource Accounting Manager will annually review applications which are based on income data provided by parents/guardians to be sure they are correctly classified as free or reduced. In addition, the School Department will work to accommodate the distinction between direct certifications and those who apply for free or reduced lunch, as the system currently does not differentiate between the two.

CITY OF PAWTUCKET, RHODE ISLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

Identifying Number:

Finding 2013-005 National School Lunch Program (CFDA # 10.555)

Condition:

The documentation supporting eligibility for participation in the program was not being consistently maintained in the School Department's files.

Current status:

Finding repeated; see Item 2014-002 on the accompanying schedule of findings and questioned costs.