
CITY OF EAST PROVIDENCE

***ANNUAL
FINANCIAL STATEMENTS***

***FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2015***

Prepared by: Finance Department

EAST PROVIDENCE, RHODE ISLAND

**CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

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FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of City Officials

CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICIALS

CITY COUNCIL

Thomas Rose, Mayor

Robert Britto

Helder J. Cunha, Assistant Mayor

Timothy Conley

Tracy A Capobianco

CITY OFFICIALS

Richard Kirby, City Manager

Malcom Moore, Finance Director

Timothy J. Chapman, City Solicitor

Kim Casci-Palangio, City Clerk

Christopher Parella, Chief of Police

Oscar Elmasian, Fire Chief

Stephen Coutu, Public Works Director

Jeanne Boyle, Planning Director

Eileen Socha, Library Director

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island (the City) as of and for the year ended October 31, 2015, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "*Government Auditing Standards*" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of East Providence as of October 31, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the financial statements, for the fiscal year ended October 31, 2015, the City adopted new accounting guidance affecting the accounting for pensions. Due to the adoption of this guidance, the City restated its 2015 opening net position at November 1, 2014. Our opinion was not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 3 through 12, pages 81 through 91, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Providence's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2016 on our consideration of the City of East Providence internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of East Providence internal control over financial reporting and compliance.



Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
December 1, 2016

Management's Discussion and Analysis

CITY OF EAST PROVIDENCE, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of East Providence provides this Management's Discussion and Analysis of the City of East Providence's Annual Financial Report for the readers of the City's financial statements. This narrative overview and analysis of the financial statements of the City of East Providence is for fiscal year ended October 31, 2015.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2014 and 2015 fiscal years.

FINANCIAL HIGHLIGHTS

The City requires that any unreserved fund balance that exceeds 10% of revenues, be transferred to a Capital Fund to be used solely for financing capital projects. The surplus from the fiscal year 2015 was \$5,415,670. The City's total General Fund fund balance as of October 31, 2015 was \$28,591,251.

The School Department reported a surplus of \$1,390,909, bringing their accumulated fund balance to \$6,852,529 as of October 31, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's annual financial statements. The financial section of this report consists of **four** parts — management's discussion and analysis (this section), the basic financial statements; required supplementary information and other supplementary information that includes combining statements for non-major governmental funds and other fiduciary funds.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall status.

The remaining statements are fund-financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The *governmental fund* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short and long term financial information about the activities the government operates like businesses, such as the sewer system.

Fiduciary fund statements provide information about assets that are held by the City as a trustee or agent for the benefit of someone or something other than the City itself. The City cannot use these assets to support its own programs.

The financial statements also include notes that provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and how they relate to one another. In addition to these required elements, we have included a section with combining statements that provides details about our non-major governmental funds and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

**Figure A-1
Required Components of
City of East Providence's Basic Financial Report**

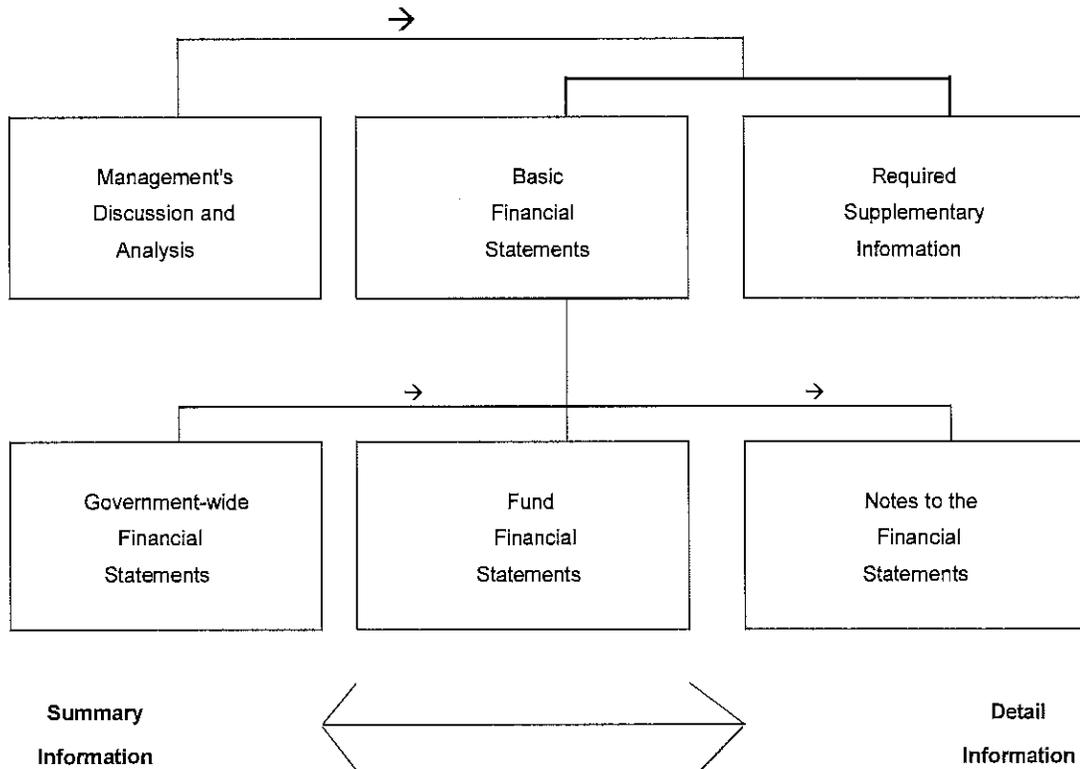


Figure A-2

Major Features of the City of East Providence's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire and DPW.	Activities the City operates similar to private businesses such as the water and sewer system.	Instances in which the City is the trustee or agent for someone else's resources.
Required Financial Position	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position. Statement of Cash Flows	Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/Liability Information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position — the difference between the City's assets and liabilities — is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories.

Governmental activities - Most of the City's basic services are included here, such as the police, fire, library, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.

Business-Type activities - The City charges fees to customers to cover the costs of certain services it provides. The City water and waste water system are included here.

Component units - The City does not have any entities that are deemed to be component units. The government-wide financial statements are reported on pages 13 and 14.

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.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. See figure A-2 for further explanation.

Governmental Funds — Most of the basic services provided by the City are financed through 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, the governmental fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirement.

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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

The City maintains 95 governmental funds; two are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The City's two major governmental funds are:

1. General Fund
2. School Unrestricted Fund

The basic governmental fund financial statements can be found on pages 15 through 17 of this report.

Proprietary Funds — The City maintains two enterprise funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and waste-water operations.

The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

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 the 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 basic fiduciary funds financial statements can be found on pages 22 and 23 of this report.

Notes to the 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 follow the basic financial statements.

Other Information — In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, which include reconciliation between the statutory revenues and expenditures for budgetary purposes and the revenues and expenditures for the General Fund and School Unrestricted Fund as presented in the governmental fund financial statements. Required supplementary information follows the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$(64,919,517) at the close of the most recent fiscal year.

The largest portion of the City's net position, \$(61,637,076) reflects its investment in capital such as land, building, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to 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 cannot be used to liquidate these liabilities.

*City of East Providence
Net Position*

	<u>October 31, 2014</u>			<u>October 31, 2015</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 80,918,796	\$ 12,057,072	\$ 92,975,868	\$ 85,769,624	\$ 34,740,316	\$ 120,509,940
Capital assets	88,232,128	87,027,741	175,259,869	89,513,780	87,187,395	176,701,175
Other assets	702,388	-	702,388	9,025,384	-	9,025,384
Total Assets	<u>169,853,312</u>	<u>99,084,813</u>	<u>268,938,125</u>	<u>184,308,788</u>	<u>121,927,711</u>	<u>306,236,499</u>
Deferred Outflows	-	-	-	27,932,120	-	27,932,120
Other Liabilities	15,968,251	5,074,039	21,042,290	16,771,216	10,167,000	26,938,216
Long-Term Liabilities	107,515,756	59,138,957	166,654,713	287,696,428	74,948,446	362,644,874
Total Liabilities	<u>123,484,007</u>	<u>64,212,996</u>	<u>187,697,003</u>	<u>304,467,644</u>	<u>85,115,446</u>	<u>389,583,090</u>
Deferred Inflows	-	-	-	9,505,046	-	9,505,046
Net Position:						
Invested in Capital						
Net of Related Debt	45,706,401	28,196,110	73,902,511	49,319,971	12,317,105	61,637,076
Restricted	4,822,235	-	4,822,235	3,502,359	-	3,502,359
Unrestricted	(4,159,331)	6,675,707	2,516,376	(154,554,112)	24,495,160	(130,058,952)
Total Net Position	<u>\$ 46,369,305</u>	<u>\$ 34,871,817</u>	<u>\$ 81,241,122</u>	<u>\$ (101,731,782)</u>	<u>\$ 36,812,265</u>	<u>\$ (64,919,517)</u>

An additional portion of the City's net position, \$3,502,359 represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net position (\$105,234,141) may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

*City of East Providence
Changes in Net Position*

	<u>October 31, 2014</u>			<u>October 31, 2015</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$10,557,593	\$20,540,353	\$31,097,946	\$ 9,352,137	\$22,373,407	\$ 31,725,544
Operating Grants and Contributions	38,969,399	-	38,969,399	43,449,165	-	43,449,165
Capital Grants and Contributions	2,115,602	-	2,115,602	1,000,773	-	1,000,773
			-			
General Revenues						
Property taxes	101,361,255	-	101,361,255	101,717,248	-	101,717,248
State general revenue sharing	5,004,002	-	5,004,002	6,464,321	-	6,464,321
Miscellaneous	11,719	55	11,774	8,153	35,575	43,728
Total revenues	<u>158,019,570</u>	<u>20,540,408</u>	<u>178,559,978</u>	<u>161,991,797</u>	<u>22,408,982</u>	<u>184,400,779</u>
Expenses						
General government	5,059,878	-	5,059,878	16,252,109	-	16,252,109
Public safety	34,991,852	-	34,991,852	35,281,538	-	35,281,538
Public works	7,598,715	-	7,598,715	7,439,334	-	7,439,334
Public libraries	910,658	-	910,658	1,084,597	-	1,084,597
Parks and recreation	2,589,869	-	2,589,869	2,428,229	-	2,428,229
Sanitation	1,914,586	-	1,914,586	2,067,896	-	2,067,896
Education	82,026,462	-	82,026,462	85,899,492	-	85,899,492
Miscellaneous	4,452,208	-	4,452,208	10,949,939	-	10,949,939
Debt service	2,190,229	-	2,190,229	1,958,253	-	1,958,253
Water Fund Expenses	-	6,412,555	6,412,555	-	7,492,396	7,492,396
WPC Fund Expenses	-	12,467,314	12,467,314	-	12,976,138	12,976,138
Total expenses	<u>141,734,457</u>	<u>18,879,869</u>	<u>160,614,326</u>	<u>163,361,387</u>	<u>20,468,534</u>	<u>183,829,921</u>
Excess/(deficiency) before transfers	16,285,113	1,660,539	17,945,652	(1,369,590)	1,940,448	570,858
Transfers	-	-	-	-	-	-
Change in net position	16,285,113	1,660,539	17,945,652	(1,369,590)	1,940,448	570,858
Net position - beginning	29,796,151	33,852,483	63,648,634	46,369,305	34,871,817	81,241,122
Prior period adjustments (see Note 18)	288,041	(641,205)	(353,164)	(146,731,497)	-	(146,731,497)
Net position - beginning re-stated	30,084,192	33,211,278	63,295,470	(100,362,192)	34,871,817	(65,490,375)
Net position - ending	<u>\$46,369,305</u>	<u>\$34,871,817</u>	<u>\$81,241,122</u>	<u>\$(101,731,782)</u>	<u>\$36,812,265</u>	<u>\$(64,919,517)</u>

Governmental activities — Governmental activities decreased the City's net position by (\$1,369,590).
Business-type activities - Business-type activities increased the City's net position by \$1,940,448.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City'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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41,470,746 an increase of \$5,223,432 in comparison with the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$28,591,251.

The fund balance in the City's general fund increased by \$5,415,670 during the current fiscal year.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the water fund at the end of the year amounted to \$19,565,626, an increase of \$188,621. This large increase can be attributed to a loan with Rhode Island Infrastructure bank in the amount of \$18,725,000. The remaining credit on this loan is reported as restricted cash on the balance sheet since no cash had been transferred to the City and invoices are submitted to RI Infrastructure Bank against the remaining credit balance. In the wastewater fund, unrestricted net assets amounted to \$4,929,534 an increase of \$1,751,827.

General Fund Budgetary Highlights

The budget passed in October 2015. Revenue exceeded budget estimates substantially.

The following revenue sources had revenue that was materially over budget for the fiscal year:

- a) Property taxes and interest collected were \$2,709,336 over budget. This was due to a favorable collection year for the City as compared to budgeted amounts.
- b) Departmental Revenues were \$1,097,613 over budget due to increased police detail and fire rescue fees.
- c) Intergovernmental revenues were \$1,150,797 over budget, mostly due to increased School Housing aid to fund RIHEBC bond payments.

The following Departments had expenditures that were materially over/ (under) budget for the fiscal year:

- a) Public safety expenditures were over budget by \$1,442,367, mostly related to overtime expenses.
- b) Refuse disposal was over budget by \$31,263 due to contractual cost overruns and higher tipping fees.
- c) Public works was under budget by (312,722), due to turnover savings in salary.
- d) The 1% budget reserve was under budget, as this is a built in fund balance reserve mechanism.
- e) OPEB was under budget, which was set up as a reserve until a Trust can be established.
- f) Debt service expenditures for a potential fiscal year synchronization bond were under budget which was set up as a reserve until a final determination is voted upon.

Capital Assets and Debt Administration

Capital Assets — The City's investment in capital assets for its governmental and business-type activities as of October 31, 2015 amounted to \$176,701,175 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and construction in progress.

City of East Providence
Capital Assets (Net of Accumulated Depreciation)

	<u>October 31, 2014</u>			<u>October 31, 2015</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land /improvements	\$ 7,452,974	\$ 3,536,549	\$ 10,989,523	\$ 7,834,437	\$ 3,536,549	\$ 11,370,986
Buildings/improvements	94,550,465	25,185,884	119,736,349	95,540,264	25,351,144	120,891,408
Infrastructure	44,797,631	99,600,612	144,398,243	48,576,566	100,110,961	148,687,527
Vehicles	16,072,109	1,710,484	17,782,593	16,344,252	1,710,484	18,054,736
Machinery & equipment	12,936,158	5,884,070	18,820,228	14,578,212	6,001,013	20,579,225
Construction in progress	1,051,737	142,009	1,193,746	182,337	2,148,063	2,330,400
Less: Accumulated Depreciation	<u>(88,628,946)</u>	<u>(49,031,867)</u>	<u>(137,660,813)</u>	<u>(93,542,288)</u>	<u>(51,670,819)</u>	<u>(145,213,107)</u>
Total	<u>\$ 88,232,128</u>	<u>\$ 87,027,741</u>	<u>\$ 175,259,869</u>	<u>\$ 89,513,780</u>	<u>\$ 87,187,395</u>	<u>\$ 176,701,175</u>

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

Long-Term Debt – At the end of the fiscal year, the City had total debt outstanding of \$114,071,808. General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

City of East Providence
Outstanding Debt
General Obligation Bonds and Notes Payable

	<u>October 31, 2014</u>			<u>October 31, 2015</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
General Obligation Bonds	\$ 15,545,800	\$ 1,449,200	\$ 16,995,000	\$ 13,829,300	\$ 1,250,700	\$ 15,080,000
Capital Leases Payable	24,725,418	-	24,725,418	24,285,000	-	24,285,000
Loans Payable	2,254,509	57,618,338	59,872,847	2,079,509	72,627,299	74,706,808
Totals	<u>\$ 42,525,727</u>	<u>\$ 59,067,538</u>	<u>\$ 101,593,265</u>	<u>\$ 40,193,809</u>	<u>\$ 73,877,999</u>	<u>\$ 114,071,808</u>

The City retired bond debt of \$1,716,500 during the current fiscal year. The City has an A2 rating from Moody's Investors Service and an A from Standard & Poor's.

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for City bonds is \$114,849,655.

Additional information on the City's long-term debt can be found in the notes to the financial statements.

Independent Audit

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Parmelee Poirier & Associates provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended October 31, 2015. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports related specifically to the single audit are contained in a separate document.

Economic Factors and Next Year's Budgets and Rates

The FY 2015 budget was adopted based on no tax rate increase. The City's actual tax rate will stay consistent at \$22.95 for fiscal year ended October 2015. The waste water rates increased to \$10.74 per 100 cubic feet of water used based upon the actual quarterly or monthly meter reading of water consumption. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finance Director, 145 Taunton Avenue, East Providence, RI 02914.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Position

October 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 47,619,692	\$ 6,782,155	\$ 54,401,847
Restricted cash and cash equivalents	-	15,214,452	15,214,452
Investments	-	5,583,778	5,583,778
Accounts receivable:			
Real estate and personal property taxes (net)	28,235,140	7,092,361	35,327,501
Due from other governments	2,275,084	-	2,275,084
Other receivables	1,355,956	-	1,355,956
Internal balance	5,311,444	-	5,311,444
Inventory	24,653	67,570	92,223
Prepaid items	947,655	-	947,655
Net OPEB asset	1,642,580	-	1,642,580
Net pension asset	7,362,804	-	7,362,804
Other assets	20,000	-	20,000
Capital assets:			
Assets not being depreciated - land	4,076,963	3,328,334	7,405,297
Property, plant and equipment	85,254,480	81,710,998	166,965,478
Construction in progress	182,337	2,148,063	2,330,400
Total capital assets	<u>89,513,780</u>	<u>87,187,395</u>	<u>176,701,175</u>
TOTAL ASSETS	<u>184,308,788</u>	<u>121,927,711</u>	<u>306,236,499</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	27,932,120	-	27,932,120
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>27,932,120</u>	<u>-</u>	<u>27,932,120</u>
LIABILITIES			
Cash overdraft	571,573	-	571,573
Accounts payable and accrued expenses	8,852,993	1,528,166	10,381,159
Unearned revenue	7,158,217	342,595	7,500,812
Revenue anticipation notes	-	3,000,000	3,000,000
Internal balances	-	5,296,239	5,296,239
Other liabilities	188,433	-	188,433
Long-term liabilities:			
Due within one year	3,585,052	2,813,134	6,398,186
Due in more than one year	284,111,376	72,135,312	356,246,688
TOTAL LIABILITIES	<u>304,467,644</u>	<u>85,115,446</u>	<u>389,583,090</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts related to pensions	9,505,046	-	9,505,046
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,505,046</u>	<u>-</u>	<u>9,505,046</u>
NET POSITION			
Invested in capital assets, net of related debt	49,319,971	12,317,105	61,637,076
Nonspendable:			
Permanent funds	50,334	-	50,334
Restricted for:			
RIHEBC school capital improvements	3,452,025	-	3,452,025
Unrestricted (deficit)	(154,554,112)	24,495,160	(130,058,952)
TOTAL NET POSITION	<u>\$ (101,731,782)</u>	<u>\$ 36,812,265</u>	<u>\$ (64,919,517)</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Activities
For the Year Ended October 31, 2015

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 16,252,109	\$ 7,940,499	\$ 873,781	\$ -	\$ (7,437,829)		\$ (7,437,829)
Public safety	35,281,538	-	379,054	551,190	(34,351,294)		(34,351,294)
Public works	7,439,334	-	1,222,979	74,928	(6,141,427)		(6,141,427)
Sanitation	1,084,597	-	-	-	(1,084,597)		(1,084,597)
Parks and recreation	2,428,229	-	58,002	-	(2,370,227)		(2,370,227)
Public libraries	2,067,896	-	2,560	-	(2,065,336)		(2,065,336)
Education	85,899,492	1,411,638	40,912,789	374,655	(43,200,410)		(43,200,410)
Miscellaneous	10,949,939	-	-	-	(10,949,939)		(10,949,939)
Debt service	1,958,253	-	-	-	(1,958,253)		(1,958,253)
Total governmental activities	163,361,387	9,352,137	43,449,165	1,000,773	(109,559,312)		(109,559,312)
Business type activities:							
Water fund	7,492,396	7,681,017	-	-	-	\$ 188,621	188,621
WPC fund	12,976,138	14,692,390	-	-	-	1,716,252	1,716,252
Total business-type activities	20,468,534	22,373,407	-	-	-	1,904,873	1,904,873
Total primary government	\$ 183,829,921	\$ 31,725,544	\$ 43,449,165	\$ 1,000,773	(109,559,312)	1,904,873	(107,654,439)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					101,717,248	-	101,717,248
Unrestricted investment earnings					8,153	35,575	43,728
State general revenue sharing					6,464,321	-	6,464,321
Miscellaneous					-	-	-
Transfers					-	-	-
Total general revenues and transfers					108,189,722	35,575	108,225,297
Change in net position					(1,369,590)	1,940,448	570,858
Net position - beginning					46,369,305	34,871,817	81,241,122
Prior period adjustment (see Note 18)					(146,731,497)	-	(146,731,497)
Net position - beginning, restated					(100,362,192)	34,871,817	(65,490,375)
Net position - ending					\$ (101,731,782)	\$ 36,812,265	\$ (64,919,517)

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

Fund Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
Balance Sheet
Governmental Funds
October 31, 2015

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 36,848,137	\$ -	\$ 10,771,555	\$ 47,619,692
Investments	-	-	-	-
Accounts receivable:				
Real estate and personal property taxes (net)	28,235,140	-	-	28,235,140
Due from other governments	140,415	389,017	1,745,652	2,275,084
Other receivables	2,310	-	1,353,646	1,355,956
Internal balances	8,421,643	14,577,964	2,643,375	25,642,982
Inventory	24,653	-	-	24,653
Other assets	20,000	-	-	20,000
Prepaid items	614,872	332,783	-	947,655
TOTAL ASSETS	<u>\$ 74,307,170</u>	<u>\$ 15,299,764</u>	<u>\$ 16,514,228</u>	<u>\$ 106,121,162</u>
LIABILITIES				
Cash overdraft	\$ -	\$ -	\$ 571,573	\$ 571,573
Accounts payable and accrued expenditures	3,981,733	3,259,788	923,994	8,165,515
Internal balances	13,333,114	160	6,998,264	20,331,538
Unearned revenue:				
Other	165,932	5,177,287	1,814,998	7,158,217
Other liabilities	-	10,000	178,433	188,433
TOTAL LIABILITIES	<u>17,480,779</u>	<u>8,447,235</u>	<u>10,487,262</u>	<u>36,415,276</u>
DEFERRED INFLOW OF RESOURCES				
Unearned tax revenue	28,235,140	-	-	28,235,140
FUND BALANCES				
Nonspendable fund balances	639,525	332,783	50,334	1,022,642
Restricted fund balances, reported in:				
Capital projects funds	-	-	3,452,025	3,452,025
Special revenue funds	-	-	2,627,502	2,627,502
Assigned fund balances	13,626,148	6,519,746	-	20,145,894
Unassigned, reported in:				
General fund	14,325,578	-	-	14,325,578
Special revenue funds	-	-	(102,895)	(102,895)
TOTAL FUND BALANCES	<u>28,591,251</u>	<u>6,852,529</u>	<u>6,026,966</u>	<u>41,470,746</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	<u>\$ 74,307,170</u>	<u>\$ 15,299,764</u>	<u>\$ 16,514,228</u>	<u>\$ 106,121,162</u>

Amounts reported for governmental activities in the statement of net position are different because:

1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 7)	89,513,780
2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 7)	36,553,046
3) Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 7)	(287,696,428)
4) Deferred inflows of resources are not financial resources and therefore are not reported in the funds. (see note 7)	(9,505,046)
5) Deferred outflows of resources are not financial resources and therefore are not reported in the funds. (see note 7)	27,932,120
Net position of governmental activities	<u>\$ (101,731,782)</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended October 31, 2015

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General property tax	\$ 102,800,454	\$ -	\$ -	\$ 102,800,454
Federal and state aid and grants	6,464,321	31,669,331	9,325,781	47,459,433
Charges for services	5,066,831	803,890	741,882	6,612,603
Fines and penalties	1,580,454	-	-	1,580,454
Investment and interest income	1,149,042	-	6,380	1,155,422
Interest income	1,773	-	27,012	28,785
Other revenue	5,786	198,373	392,551	596,710
State on behalf contribution	-	2,836,890	-	2,836,890
Total revenues	<u>117,068,661</u>	<u>35,508,484</u>	<u>10,493,606</u>	<u>163,070,751</u>
Expenditures				
Current:				
General government	6,276,742	-	863,231	7,139,973
Public safety	34,303,074	-	1,225,342	35,528,416
Public works	7,340,337	-	2,400,828	9,741,165
Parks and recreation	770,785	-	313,812	1,084,597
Sanitation	2,557,293	-	-	2,557,293
Public libraries	1,966,841	-	-	1,966,841
Education	-	77,315,384	7,273,540	84,588,924
Miscellaneous	10,949,939	-	-	10,949,939
Debt service	4,290,171	-	-	4,290,171
Total expenditures	<u>68,455,182</u>	<u>77,315,384</u>	<u>12,076,753</u>	<u>157,847,319</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>48,613,479</u>	<u>(41,806,900)</u>	<u>(1,583,147)</u>	<u>5,223,432</u>
Other financing sources (uses)				
Transfers from other funds	-	43,197,809	-	43,197,809
Transfers to other funds	(43,197,809)	-	-	(43,197,809)
Total other financing sources (uses)	<u>(43,197,809)</u>	<u>43,197,809</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,415,670	1,390,909	(1,583,147)	5,223,432
Fund balances - beginning	<u>23,175,581</u>	<u>5,461,620</u>	<u>7,610,113</u>	<u>36,247,314</u>
Fund balances - ending	<u>\$ 28,591,251</u>	<u>\$ 6,852,529</u>	<u>\$ 6,026,966</u>	<u>\$ 41,470,746</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended October 31, 2015

Net change in fund balances-total governmental funds	\$	5,223,432
<p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period.</p>		1,281,652
<p>Decreases in deferred revenues do not provide current financial resources in the statement of activities, but are reported as increases in revenues in the governmental funds.</p>		(1,083,206)
<p>Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.</p>		(72,363)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.</p>		2,336,170
<p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>		<u>(9,055,275)</u>
Change in net position of governmental activities	<u>\$</u>	<u>(1,369,590)</u>

Please see Notes 7 and 8 in the Notes to Financial Statements for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

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

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Position

Proprietary Funds

October 31, 2015

	Enterprise Funds		
	Water Fund	WPC Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,545,056	\$ 237,099	\$ 6,782,155
Investments	1,706,964	3,876,814	5,583,778
Restricted cash and cash equivalents	15,214,452	-	15,214,452
Accounts receivable usage sales and fees	7,092,361	-	7,092,361
Due from federal and state government	-	-	-
Internal balances	-	4,639,944	4,639,944
Inventory	67,570	-	67,570
Total current assets	30,626,403	8,753,857	39,380,260
Non-current assets			
Property, plant and equipment			
Land	1,909,975	1,418,359	3,328,334
Construction in progress	2,126,219	21,844	2,148,063
Land improvements	83,806	124,409	208,215
Infrastructure	25,242,478	74,868,483	100,110,961
Buildings, pump stations and tanks	8,251,801	17,099,343	25,351,144
Machinery and equipment	1,926,447	4,074,566	6,001,013
Vehicles	1,185,484	525,000	1,710,484
Total property, plant and equipment	40,726,210	98,132,004	138,858,214
Less accumulated depreciation	17,601,496	34,069,323	51,670,819
Net property, plant and equipment	23,124,714	64,062,681	87,187,395
TOTAL ASSETS	53,751,117	72,816,538	126,567,655
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	808,585	719,581	1,528,166
Deferred revenues	342,595	-	342,595
Internal balances	9,831,441	104,742	9,936,183
Revenue anticipation notes payable	-	3,000,000	3,000,000
Current portion of long-term debt	326,919	2,486,215	2,813,134
Total current liabilities	11,309,540	6,310,538	17,620,078
Non-current liabilities			
Accrued compensated absences	78,156	-	78,156
Bonds and loans payable	23,910,252	48,146,904	72,057,156
Total non-current liabilities	23,988,408	48,146,904	72,135,312
TOTAL LIABILITIES	35,297,948	54,457,442	89,755,390
NET POSITION			
Invested in capital assets, net of related debt	(1,112,457)	13,429,562	12,317,105
Unrestricted	19,565,626	4,929,534	24,495,160
TOTAL NET POSITION	\$ 18,453,169	\$ 18,359,096	\$ 36,812,265

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended October 31, 2015

	Enterprise Funds		
	Water Fund	WPC Fund	Totals
Operating revenues			
Usage sales and fees	\$ 7,661,586	\$ 14,654,955	\$ 22,316,541
Other income	19,431	37,435	56,866
Total operating revenues	<u>7,681,017</u>	<u>14,692,390</u>	<u>22,373,407</u>
Operating expenses			
Salaries and benefits	1,846,641	-	1,846,641
Repairs and maintenance	197,016	-	197,016
Water purchases	2,584,069	-	2,584,069
Operations	1,596,552	9,236,011	10,832,563
Depreciation and amortization	637,715	2,001,237	2,638,952
Other	-	-	-
Total operating expenses	<u>6,861,993</u>	<u>11,237,248</u>	<u>18,099,241</u>
Operating income (loss)	<u>819,024</u>	<u>3,455,142</u>	<u>4,274,166</u>
Non-operating revenues (expenses)			
Investment income	-	35,575	35,575
Interest expense	(630,403)	(1,738,890)	(2,369,293)
Transfers in/(out)	-	-	-
Total non-operating revenues (expenses)	<u>(630,403)</u>	<u>(1,703,315)</u>	<u>(2,333,718)</u>
Change in net position	188,621	1,751,827	1,940,448
Net position - beginning	18,264,548	16,607,269	34,871,817
Total net position - ending	<u>\$ 18,453,169</u>	<u>\$ 18,359,096</u>	<u>\$ 36,812,265</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2015

	Enterprise Funds		
	<u>Water Fund</u>	<u>WPC Fund</u>	<u>Totals</u>
Cash flows from operating activities			
Cash received from customers	\$ 7,051,071	\$ 14,654,955	\$ 21,706,026
Other operating revenue receipts	19,431	37,435	56,866
Cash payments to suppliers for goods and services	(3,975,404)	(9,187,400)	(13,162,804)
Cash payments to employees for services	(1,839,904)	-	(1,839,904)
Net cash provided by (used for) operating activities	<u>1,255,194</u>	<u>5,504,990</u>	<u>6,760,184</u>
Cash flows from non-capital financing activities			
Interfund loans	5,851,736	(1,181,503)	4,670,233
Proceeds from revenue anticipation note	-	3,000,000	3,000,000
Principal paid on revenue anticipation note	-	(3,000,000)	(3,000,000)
Net cash provided by (used for) non-capital financing activities	<u>5,851,736</u>	<u>(1,181,503)</u>	<u>4,670,233</u>
Cash flows from capital and related financing activities			
Capital grants and contributions	-	235,907	235,907
Loan proceeds	18,725,000	-	18,725,000
Principal paid on bonds, notes and loans	(323,919)	(2,598,329)	(2,922,248)
Interest paid on bonds, notes and loans	(630,403)	(1,738,890)	(2,369,293)
Acquisition and construction of capital assets	(2,540,856)	(257,750)	(2,798,606)
Net cash provided (used for) capital and related financing activities	<u>15,229,822</u>	<u>(4,359,062)</u>	<u>10,870,760</u>
Cash flows from investing activities			
Interest and dividends on investments	-	35,575	35,575
Net cash provided by (used for) investing activities	<u>-</u>	<u>35,575</u>	<u>35,575</u>
Net increase (decrease) in cash and cash equivalents	22,336,752	-	22,336,752
Cash and cash equivalents at beginning of year	<u>1,129,720</u>	<u>4,113,913</u>	<u>5,243,633</u>
Cash and cash equivalents at end of year	<u>\$ 23,466,472</u>	<u>\$ 4,113,913</u>	<u>\$ 27,580,385</u>
Additional non-cash flow balance sheet activity:			
Noncash capital and related financing activities			
Increase (decrease) in due from state government	<u>\$ -</u>	<u>\$ (235,907)</u>	<u>\$ (235,907)</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2015

	Enterprise Funds		
	<u>Water Fund</u>	<u>WPC Fund</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 819,024	\$ 3,455,142	\$ 4,274,166
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	637,715	2,001,237	2,638,952
Changes in assets and liabilities:			
(Increase) decrease in use accounts receivable	(610,515)	-	(610,515)
(Increase) decrease in inventory	28,116	-	28,116
Increase (decrease) in accounts payable and accrued expenses	374,117	48,611	422,728
Increase (decrease) in accrued compensated absences	6,737	-	6,737
Increase (decrease) in deferred revenue	-	-	-
Total adjustments	<u>436,170</u>	<u>2,049,848</u>	<u>2,486,018</u>
Net cash provided by operating activities	<u>\$ 1,255,194</u>	<u>\$ 5,504,990</u>	<u>\$ 6,760,184</u>

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Fuuds
October 31, 2015

	<u>Employee Retirement Plan</u>	<u>OPEB Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash	\$ 1,068,890	\$ -	\$ 458,042
Investments, at fair value:			
Mutual funds - equity	67,545,790	4,566,744	-
Mutual funds - fixed income	29,431,162	1,522,248	-
IR&M core bond fund	17,005,339	-	-
Real Estate Investment Trust		529,478	-
Alternative investments	172,399	-	-
Total investments	<u>114,154,690</u>	<u>6,618,470</u>	<u>-</u>
Other assets			
City contribution receivable	562,337	-	-
Member contribution receivable	108	-	-
Internal balances	-	-	3,230
Total other assets	<u>562,445</u>	<u>-</u>	<u>3,230</u>
TOTAL ASSETS	<u>115,786,025</u>	<u>6,618,470</u>	<u>461,272</u>
LIABILITIES			
Deposits payable to others	-	-	442,837
Internal balances	-	-	18,435
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>\$ 461,272</u>
NET POSITION			
Held in trust for pension benefits and OPEB purposes	<u>\$ 122,404,495</u>		

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended October 31, 2015

	<u>Employee Retirement Plan</u>	<u>OPEB Trust</u>
Additions		
Contributions		
Employer contributions	\$ 5,989,504	\$ 6,705,187
Plan members contributions	1,170,865	-
Total contributions	<u>7,160,369</u>	<u>6,705,187</u>
Investment earnings		
Net (decrease) in fair value of investments	1,347,760	(87,848)
Interest and dividends	1,083,420	-
Total investment earnings	<u>2,431,180</u>	<u>(87,848)</u>
Other income	<u>171,630</u>	<u>-</u>
Total additions	<u>9,763,179</u>	<u>6,617,339</u>
Deductions		
Benefits paid	10,237,038	-
Administrative expenses	-	(1,131)
Operating expenses	391,962	-
Total deductions	<u>10,629,000</u>	<u>(1,131)</u>
Change in net position	<u>(865,821)</u>	<u>6,618,470</u>
Net position - beginning	<u>116,651,846</u>	<u>-</u>
Net position - ending	<u>\$ 115,786,025</u>	<u>\$ 6,618,470</u>

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

Notes to Financial Statements

City of East Providence
Notes to the Financial Statements
October 31, 2015

The City of East Providence (the City) was incorporated in 1862. The City covers 16.61 square miles located in southeastern New England. The City is the fifth largest city in the State of Rhode Island and Providence Plantations and is approximately 60 miles from Boston and three and half hours from New York by automobile or rail.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made applying the criteria set forth in GASB Statement No.14, as amended by GASB Statement No. 39. Under GASB Statement No. 39, the financial reporting entity includes both the primary government, which is the City and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

TEST 1 – The primary government appoints the voting majority of the board of the potential component unit and:

- * is able to impose its will on the potential component unit and/or
- * is in a relationship of financial benefit or burden with the potential component unit;

TEST 2 – The potential component unit is fiscally dependent upon the primary government; or

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

The following entity was considered for classification as a component unit for fiscal year 2015:

- * East Providence School Department

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Although the East Providence School Department meets certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the City and 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. As a result, the financial data of the East Providence School Department has been included in the Special Revenue Funds.

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. The City of East Providence does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the City are organized based on funds, each of which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets, infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year they are levied for. The types of transactions reported as program revenues for the City are reported in all three categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

The City's policy is to first apply restricted resources and then unrestricted resources when expenses are incurred for purposes for which both restricted and unrestricted net position are available.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 for interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the Governmental Activities and the Business-Type Activities, which are presented as internal balances and eliminated in the total column.

The City applies to the Business-Type Activities and Enterprise Funds all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Governmental Funds:

General Fund - The General Fund is used to account for resources devoted to financing the general services that the City performs for its citizens.

School Unrestricted Fund - The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Major Enterprise Funds:

WPC Fund - The Water Pollution Control Fund is used to account for the sewer use fees and the expenses associated with providing wastewater services to city residents.

Water Fund - The Water Fund is used to account for water use fees and the expenses associated with providing water services to city residents.

Fiduciary Fund Financial Statements - Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The City’s Fiduciary Funds include a pension trust fund and agency funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The fiduciary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

Pension Trust Fund - This fund accounts for pension benefits provided to city police officers and firefighters. The principal revenue sources for this fund are employer and employee contributions.

Agency Funds - These funds account for assets held by the City as an agent for various student groups and funds held in escrow for other parties.

C. CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. INVESTMENTS

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income.

E. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables.

Property taxes levied on May 12, 2015 and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICE RECEIVABLE

WPC and water revenues are recorded when earned. Residential customers are billed quarterly. The estimated value of services provided, but unbilled, at year-end has been included in the accompanying financial statements.

G. INVENTORY

Inventory is maintained on a perpetual system and is stated at cost. The first in, first out method of inventory valuation is used. Inventory is generally recorded as expenditures/expenses when consumed.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Position, but are not reported in the Governmental Fund Financial Statements.

All capital assets are capitalized at historical or estimated historical cost. Donated capital assets are recorded at the fair market values as of the date received. The City follows a policy of capitalizing assets with a cost of greater than \$10,000 and a useful life of at least 1 year, except assets purchased with federal funds, which are capitalized if the cost is greater than \$5,000 and it has a useful life of at least 1 year.

Depreciation is calculated on the straight-line basis over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 Years
Infrastructure	10-65 Years
Buildings & construction	25-50 Years
Pump stations & tanks	40 Years
Machinery & equipment	5-30 Years
Vehicles	8 Years

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. BOND PREMIUMS AND DEBT ISSUANCE COSTS

In the Governmental Fund Financial Statements, bond premiums and debt issuance costs are treated as period costs in the year of issuance. Debt issuance costs are shown as an "expenditure" and bond premiums are reflected as an "other financing source".

J. DEFERRED REVENUE

In the Governmental Fund Financial Statements, deferred revenue represents funds received in advance of being owed or receivables that will be collected and included in revenues of future fiscal years.

In the General Fund, deferred revenues relate to uncollected property tax receivables which were assessed as of December 31, 2014, billed in May of 2015, and payable on July 1, 2015 (with provisions for quarterly payments), plus delinquent balances.

K. PROPERTY TAXES

The City is permitted by state law to levy property taxes. The City's fiscal 2014-2015 property taxes were levied in May of 2015 based on an assessed valuation as of December 31, 2014. Taxes were due July 1, 2015 or may be paid quarterly, without penalty, at the taxpayer's option. Failure to mail payments by due dates will result in a lien on taxpayer's property.

The City offers a 1.5% discount to taxpayers who pay their assessment in full on or before the due date of the first quarterly installment. A 12% penalty is imposed for all taxes in an overdue status.

Property tax revenue is recognized in accordance with Section P70 "Property Taxes" of the Codification of Governmental Accounting and Reporting Standards which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no later than 60 days after the close of the current period. Property taxes levied in May of 2015 for the current year and other delinquent balances are recorded as receivables.

L. 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. They are allowed to accumulate the vacation and sick leave in accordance with the limits of the contracts. This time will be paid upon separation from city service.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. COMPENSATED ABSENCES (Continued)

The entire compensated absence liability is reported in the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources (i.e. upon an employee's resignation or retirement). The balance of the liability not paid with expendable available financial resources is not recorded in the Governmental Fund Financial Statements.

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims, judgments and compensated absences paid from governmental funds are reported as a liability in the Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Fund Financial Statements until due.

N. ESTIMATES

The preparation of 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. PENSIONS

The purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the various pension plans and additions to/deductions from these various pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension administrator. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until that later date. At October 31, 2015, deferred outflows of resources relate to pension plan contributions made subsequent to the actuarial valuation date and amounted to \$27,932,120.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At October 31, 2015, deferred inflows of resources are amounts to be amortized as part of expense in future years. Deferred inflows of resources totaled \$9,505,046.

Q. RECENT ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended October 31, 2015, the City adopted the provisions of Statement No. 68 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Pensions (GASB 68). GASB 68 requires the liability of employers to employees for defined pension liability (net pension liability) to be measured and reported as the portion of the present value of projected benefits payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. In addition, GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and inflows of resources, and the associated adjustment to expenses.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68, effective for the fiscal year ending October 31, 2015.

Effective for the fiscal year ending October 31, 2016, the City will be required to adopt the provisions of Statement No. 72 of the Governmental Accounting Standards Board, Fair Value Measurements and Application (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurement, and provides guidance for determining a fair value measurement for financial reporting purposes. In addition, GASB 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The effect of adopting GASB 72 on the City's financial statement has not yet been determined.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Effective for the fiscal year ending October 31, 2018, the City will be required to adopt the provisions of Statement No. 75 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Post-employment Benefits Other Than Pension (GASB 75). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses and expenditures related to other post-employment benefits (OPEB) administered through trusts or equivalent arrangements. For defined benefit other than post-employment benefits, GASB 75 identifies the method and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute the present value to periods of employee service. In addition, GASB 75 will require more extensive footnote disclosure in the employer financial statements. The City is currently evaluating the effects of GASB 75 on its financial statements.

Effective for the fiscal year ending October 31, 2017, the City will be required to adopt the provisions of Statement No. 77 of the Governmental Accounting Standards Board, Tax Abatement Disclosures (GASB 77). GASB 77 will require more extensive footnote disclosures regarding tax abatement agreements entered into by the City or another governmental entity that reduces the City's tax revenues. The City is currently evaluating the effects of GASB 77 on its financial statements.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of East Providence's various pension plans (described in greater detail in Note 17) and additions to/deductions from the pension plans net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2015

NOTE 2 - INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for Governmental Activities for the fiscal year ended October 31, 2015 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,076,963	\$ -	\$ -	\$ -	\$ 4,076,963
Construction in Progress	1,051,737	3,256,302	4,125,702	-	182,337
Total capital assets not being depreciated	5,128,700	3,256,302	4,125,702	-	4,259,300
Other capital assets:					
Land improvements	3,376,011	381,463	-	-	3,757,474
Buildings & construction	94,550,465	989,799	-	-	95,540,264
Infrastructure	44,797,631	3,778,935	-	-	48,576,566
Machinery & equipment	12,936,158	1,642,054	-	-	14,578,212
Vehicles	16,072,109	272,143	-	-	16,344,252
Total other capital assets at historical cost	171,732,374	7,064,394	-	-	178,796,768
Total assets	176,861,074	10,320,696	4,125,702	-	183,056,068
Less accumulated depreciation for:					
Land improvements	3,017,305	61,024	-	-	3,078,329
Buildings & construction	30,589,595	2,861,506	-	-	33,451,101
Infrastructure	33,044,205	682,942	-	-	33,727,147
Machinery & equipment	8,361,174	782,462	-	-	9,143,636
Vehicles	13,616,667	525,408	-	-	14,142,075
Total accumulated depreciation	88,628,946	4,913,342	-	-	93,542,288
Governmental activities capital assets, net	\$ 88,232,128	\$ 5,407,354	\$ 4,125,702	\$ -	\$ 89,513,780

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 166,609
Public safety	1,397,372
Public works	784,895
Public libraries	108,033
Parks and recreation	242,692
Education	2,213,741
Total governmental activities depreciation expense	\$ 4,913,342

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2015

NOTE 2 - INFORMATION ABOUT CAPITAL ASSETS (continued)

Capital asset activity for Business-Type Activities for the fiscal year ended October 31, 2015 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,328,334	\$ -	\$ -	\$ -	\$ 3,328,334
Construction in progress	142,009	2,087,494	81,440	-	2,148,063
Total capital assets not being depreciated	3,470,343	2,087,494	81,440	-	5,476,397
Other capital assets:					
Land improvements	208,215	-	-	-	208,215
Infrastructure	99,600,612	510,349	-	-	100,110,961
Buildings, pump stations & tanks	25,185,884	165,260	-	-	25,351,144
Machinery & equipment	5,884,070	116,943	-	-	6,001,013
Vehicles	1,710,484	-	-	-	1,710,484
Total other capital assets at historical cost	132,589,265	792,552	-	-	133,381,817
Total assets	136,059,608	2,880,046	81,440	-	138,858,214
Less accumulated depreciation for:					
Land improvements	188,572	4,191	-	-	192,763
Infrastructure	28,112,538	436,137	-	-	28,548,675
Buildings, pump stations & tanks	15,470,703	2,010,731	-	-	17,481,434
Machinery & equipment	3,683,879	154,751	-	-	3,838,630
Vehicles	1,576,175	33,142	-	-	1,609,317
Total accumulated depreciation	49,031,867	2,638,952	-	-	51,670,819
Business-type activities capital assets, net	\$ 87,027,741	\$ 241,094	\$ 81,440	\$ -	\$ 87,187,395

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

LEGAL DEBT MARGIN - The City's legal debt margin as set forth by state statute is limited to three percent of total taxable assessed value, which is approximately \$114,849,600. As of October 31, 2015, the City's debt subject to legal debt margin is \$40,509,009 and the City is under the debt limit by \$74,340,646.

NOTE 4 - CASH AND INVESTMENTS

DEPOSITS – The City's deposits are held in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and Statement of Net Position as "Cash and cash equivalents" and "Cash overdraft".

CUSTODIAL CREDIT RISK - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments. The City does not have a formal deposit policy for custodial credit risk, but is governed by state laws as described below. As of October 31, 2015, the City's bank balance of \$193,588,265 was exposed to custodial credit risk as follows:

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At October 31, 2015 the City's uninsured or uncollateralized deposits with an institution was \$176,422,588.

The City invests in various types of investments, which are stated at fair value. The Retirement Board of Trustees is responsible for all aspects of the Pension Trust Fund's investments and has adopted an investment policy. The Pension Trust Fund is prohibited from directly engaging in the following transactions unless they are executed by a professional third party manager retained by the Board of Trustees of the Pension Trust Fund:

1. Purchases of securities by partial payment of their cost (purchases on margin).
2. Sale of securities not owned by the Pension Trust Fund at the time of sale (short sales).
3. Future contracts.
4. Call options written against securities in the portfolio other than as follows:
 - Purchases of options other than as required to close out options positions.
 - Lettered or restricted stock (with the exception of those investments that are venture capital investments).
5. Direct investment in mortgages.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 4 - CASH AND INVESTMENTS (Continued)

8. Collateral loans (with the exception of those investments that are leveraged buyout investments), provided, however that boards may participate in so-called "securities lending" programs through a custodian and provided, further, that the lending of securities is limited to brokers, dealers, and financial institutions and that the loan is collateralized by cash or United States Government securities according to applicable regulatory requirements.
9. Direct purchase or lease of real estate.

CUSTODIAL CREDIT RISK (Continued)

The Pension Trust Fund's portfolio target weights at the broad asset class level are as follows:

Portfolio Asset Class	Target Weight	Policy Range
Equity	30.0%	25.0% - 35.0%
Foreign equity	19.0%	14.0% - 24.0%
Total fixed income	29.0%	24.0% - 34.0%
Real estate / real assets	8.0%	5.0% - 11.0%
Equity	4.0%	2.0% - 7.0%
Hedge fund of funds	9.0%	4.0% - 14.0%
Cash	1.0%	0.0% - 5.0%

The portfolio will be allowed to fluctuate at the broad asset class level within the policy ranges noted above.

For all other investments, the City Council has control over the type of investments made, but gives the Finance Director the authority to make investments with their approval. The Finance Director is not limited by the City Charter or by legal or contractual provision for the types of investments made.

The investment maturities for the Bond Fund and the Fixed Income Mutual Funds have been presented based on the average effective maturity of the fund.

Type of Investment	Fair Value of Investment Maturities (in Years)	
	6-10 Years	Over 10 Years
IR&M Core Bond Fund	\$17,177,738	-
Total	\$17,177,738	-

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

Cash and investments of the City consist of the following at October 31, 2015:

Cash and Cash Equivalents

Deposits with financial institutions	\$	71,143,231
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Investments

Pension Trust Fund:

Mutual funds - equity		67,545,790
Mutual funds - fixed income		29,431,162
IR&M core bond fund		17,005,339
Alternative investments		172,399
Total Pension Investments		114,154,690

Governmental Funds:

Federated Government Obligations		5,583,778
Total Governmental Investments		5,583,778

Total Cash and Investments	\$	190,881,699
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Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents	\$	69,616,299
Investments		5,583,778

Fiduciary Funds

Cash and cash equivalents		1,526,932
Investments		114,154,690
Total Cash and Investments	\$	190,881,699

Credit Risk

Except as described above, the City has no investment policy that would further limit its investment choices. No credit risk disclosures are required under GASB Statement No. 40 relating to the investments in U.S. Treasury and U.S. Agency obligations.

The City's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated as follows at October 31, 2015:

Average Rating	Bond Fund	Fixed Income Mutual Funds
AAA	\$ 12,158,817	\$ -
AA	748,235	-
A	1,938,609	-
BBB	2,159,678	-
	\$ 17,005,339	\$ -

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

The credit rating of the Bond Fund and the Fixed Income Mutual Funds are based on the average credit rating of the funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal policy which addresses custodial credit risk.

Except for investments in mutual funds, money market funds, the RI Interlocal Trust investment pool, hedge fund of funds and the private equity limited partnership, all of the City's investments were subject to custodial credit risk at October 31, 2015, as the investments are uninsured and held by the counterparty or the counterparty's trust department, but not in the City's name. Investments in mutual funds, money market funds, the RI Interlocal Trust investment pool, hedge fund of funds and the private equity limited partnership are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The City does not place a limit on the amount of investment with any one issuer.

Investments in bond and equity mutual funds are not exposed to concentrations of credit risk, as they are considered to be diversified by nature. In addition, investments in U.S. Treasury obligations are not considered to be exposed to concentrations of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City does not have a formal policy to limit foreign currency risk.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2015

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

Governmental long-term liabilities do not appear in the Fund Financial Statements but rather are a reconciling item in the presentation of the Government-Wide Financial Statements and are included in the Statement of Net Position. Long-term liabilities directly related to and intended to be paid from the proprietary fund types are included in the accounts of such fund.

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

Long-term liability activity for the fiscal year ended October 31, 2015 was as follows:

	<u>Balance</u> <u>November 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>October 31, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Bonds payable	\$ 15,545,800	\$ -	\$ 1,716,500	\$ 13,829,300	\$ 1,716,500
Loans payable	2,254,509	-	175,000	2,079,509	175,000
Capital leases payable	24,725,418	1,215,000	1,655,418	24,285,000	1,640,000
Total bonds notes & leases payable	<u>42,525,727</u>	<u>1,215,000</u>	<u>3,546,918</u>	<u>40,193,809</u>	<u>3,531,500</u>
Other liabilities:					
Amortized premium on bonds	68,034	-	4,252	63,782	4,252
Accrued compensated absences	4,311,110	-	929,395	3,381,715	-
Net pension liability	208,891,357	28,972,427	-	237,863,784	-
Net OPEB obligation	9,536,590	-	3,441,871	6,094,719	-
Settlements payable	98,619	-	-	98,619	49,300
Total other liabilities	<u>222,905,710</u>	<u>28,972,427</u>	<u>4,375,518</u>	<u>247,502,619</u>	<u>53,552</u>
Governmental Activities long-term liabilities	<u>\$ 265,431,437</u>	<u>\$ 30,187,427</u>	<u>\$ 7,922,436</u>	<u>\$ 287,696,428</u>	<u>\$ 3,585,052</u>
Business-Type Activities					
WPC Department bonds payable	\$ 1,449,200	\$ -	\$ 198,500	\$ 1,250,700	\$ 198,500
Water Department loans payable	5,836,090	18,725,000	322,919	24,238,171	326,919
WPC Department loans payable	51,782,248	-	2,399,829	49,382,419	2,287,715
Total bonds & loans payable	<u>59,067,538</u>	<u>18,725,000</u>	<u>2,921,248</u>	<u>74,871,290</u>	<u>2,813,134</u>
Other liabilities:					
Accrued compensated absences	71,419	6,737	-	78,156	-
Total other liabilities	<u>71,419</u>	<u>6,737</u>	<u>-</u>	<u>78,156</u>	<u>-</u>
Business-Type Activities long-term liabilities	<u>\$ 59,138,957</u>	<u>\$ 18,731,737</u>	<u>\$ 2,921,248</u>	<u>\$ 74,949,446</u>	<u>\$ 2,813,134</u>

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

	<u>Interest Rates</u>	<u>Principal</u>	<u>Due Dates</u>
Governmental bonds	2.25-6.5%	\$ 13,829,300	2015-2024
Governmental loans payable	0-5.69%	2,079,509	2015-2041
Governmental leases payable	3.1-17.74%	24,285,000	2015-2032
Enterprise funds bonds payable	3.75-5.0%	1,250,700	2015-2024
Enterprise funds notes payable	0% - 1.645%	73,620,590	2015-2032
Total All Funds		<u>\$ 115,065,099</u>	

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2015

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

Fiscal Year Ended October 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,531,500	\$ 1,600,911	\$ 5,132,411
2017	3,578,500	1,547,353	5,125,853
2018	3,558,500	1,388,509	4,947,009
2019	3,621,500	1,228,147	4,849,647
2020	3,339,300	1,067,606	4,406,906
2021	3,343,000	920,075	4,263,075
Thereafter RIHMFC due upon sale of property	19,177,500 44,009	6,985,891 -	26,163,391 44,009
TOTALS	<u>\$ 40,193,809</u>	<u>\$ 14,738,491</u>	<u>\$ 54,932,300</u>

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

Fiscal Year Ended October 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,813,134	\$ 2,309,427	\$ 5,122,561
2017	3,547,870	2,414,046	5,961,916
2018	3,632,454	2,327,485	5,959,939
2019	3,721,889	2,221,556	5,943,445
2020	3,753,221	2,108,224	5,861,445
2021	3,804,653	1,991,030	5,795,683
Thereafter	53,597,071	12,896,004	66,493,075
TOTALS	<u>\$ 74,870,290</u>	<u>\$ 26,267,773</u>	<u>\$101,138,063</u>

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 5 – INFORMATION ABOUT LONG-TERM LIABILITIES (Continued)

The General Fund, School Unrestricted Fund and CDBG Activities Fund make payments on the bonds, loans, and capital leases payable that pertain to the City’s governmental activities. The compensated absences and settlements payable liabilities attributable to the governmental activities will be liquidated by the City’s General Fund and School Unrestricted Fund. The net pension and net other post-employment benefit obligations attributable to the governmental activities will be liquidated by the General Fund.

The following RI Clean Water Loan agreements, now known as the RI Infrastructure Bank, include ARRA principal forgiveness:

Original Loan Date Issued	ARRA Principal Amount	Net Loan Forgiveness	Amount
10/6/2009	\$ 10,000,000	\$ (1,509,475)	\$ 8,490,525
11/19/2009	6,000,000	(1,391,731)	4,608,269
2/12/2010	561,206	(130,175)	431,031
12/04/2014	18,725,000	(993,291)	17,731,709

The net loans payable have been recorded by the City as of October 31, 2015.

All RI Infrastructure Bank loans are used for approved water or water pollution control projects. The RI Infrastructure Bank pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. Loan proceeds not drawdown as of October 31, 2015 are reflected as due from the State in the preceding financial statements. The City is responsible to drawdown the full loan amount and to repay the loan amount less any applicable principal forgiveness. RI Infrastructure Bank Loans in the Business-Type Activities are revenue loans. The revenue loans are secured by the revenues derived from the operation of the City’s water and water pollution control systems.

NOTE 6 - SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2015:

	Outstanding 11/1/2014	New Issues	Maturities During Year	Outstanding 10/31/2015
Governmental Activities:				
Tax anticipation note	\$ -	\$25,161,250	\$25,161,250	\$ -
<i>Total Short Term Debt</i>	\$ -	\$25,161,250	\$25,161,250	\$ -
Business-Type Activities:				
Revenue anticipation note	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
<i>Total Short Term Debt</i>	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2015

NOTE 7 - DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

"Total fund balances" of \$41,470,746 in the City's governmental funds differs from "net position" of (\$101,731,782) in governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Position				
	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement Net Position Totals
ASSETS				
Cash and cash equivalents	\$ 47,619,692	\$ -	\$ -	\$ 47,619,692
Investments	-	-	-	-
Accounts receivable:				
Real estate and personal property taxes (net)	28,235,140	-	-	28,235,140
Due from other governments	2,275,084	-	-	2,275,084
Other receivables	1,355,956	-	-	1,355,956
Internal balances	25,642,982	-	(20,331,538)	5,311,444
Inventory	24,653	-	-	24,653
Prepaid expenditures	947,655	-	-	947,655
Other assets	20,000	-	-	20,000
Net OPEB asset	-	1,642,580	-	1,642,580
Net pension asset	-	7,362,804	-	7,362,804
Property, plant and equipment - net	-	85,254,480	-	85,254,480
Assets not being depreciated-CIP	-	182,337	-	182,337
Assets not being depreciated-land	-	4,076,963	-	4,076,963
TOTAL ASSETS	\$ 106,121,162	\$ 98,519,164	\$ (20,331,538)	\$ 184,308,788
DEFERRED OUTFLOWS OF RESOURCES				
Amounts related to pensions	\$ -	\$ 27,932,120	\$ -	\$ 27,932,120
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 27,932,120	\$ -	\$ 27,932,120
LIABILITIES				
Cash overdraft	\$ 571,573	\$ -	\$ -	\$ 571,573
Accounts payable and accrued expenditures	8,165,515	687,478	-	8,852,993
Internal balances	20,331,538	-	(20,331,538)	-
Other	7,158,217	-	-	7,158,217
Other liabilities	188,433	-	-	188,433
Long-term liabilities				
Due within one year	-	3,585,052	-	3,585,052
Due in more than one year	-	284,111,376	-	284,111,376
TOTAL LIABILITIES	36,415,276	288,383,906	(20,331,538)	304,467,644
DEFERRED INFLOW OF RESOURCES				
Real estate and personal property taxes (net)	28,235,140	(28,235,140)	-	-
Amounts related to pensions	-	9,505,046	-	9,505,046
TOTAL DEFERRED INFLOWS OF RESOURCES	28,235,140	(18,730,094)	-	9,505,046
FUND BALANCES				
Total fund balances/net position	41,470,746	(143,202,528)	-	(101,731,782)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 106,121,162	\$ 126,451,284	\$ (20,331,538)	\$ 212,240,908

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

Cost of capital assets	\$ 183,056,068
Accumulated depreciation	(93,542,288)
	<u>\$ 89,513,780</u>

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

Adjustment of deferred revenue	\$ 28,235,140
Net OPEB asset	1,642,580
Accrued interest	(687,478)
Net pension asset	7,362,804
	<u>\$ 36,553,046</u>

(3) Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position.

Bonds payable	\$ (13,829,300)
Loans payable	(2,079,509)
Capital leases payable	(24,285,000)
Bond premium	(63,782)
Accrued compensated absences	(3,381,715)
Net OPEB obligation	(6,094,719)
Net pension liability	(237,863,784)
Settlements payable	(98,619)
	<u>\$ (287,696,428)</u>

4) Deferred amounts related to the amortization of pension expense over future periods are reported on the Statement of Net Position, but not on the fund financial statements.

Deferred inflows of resources	<u>\$ (9,505,046)</u>
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5) Deferred amounts related to pension plan contributions made subsequent to the actuarial valuation date are reported on the Statement of Net Position, but not as fund financial statements.

Deferred outflows of resources	<u>\$ 27,932,120</u>
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(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2015

NOTE 8 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" of \$5,223,432 for governmental funds differs from the "change in net position" of (\$1,369,590) for governmental activities reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 44.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 102,800,454	\$ (1,083,206)	\$ -	\$ -	\$ 101,717,248
Federal and state aid and grants	47,459,433	-	-	-	47,459,433
Charges for services	6,612,603	-	-	-	6,612,603
Fines and penalties	1,580,454	-	-	-	1,580,454
Investment and interest income	1,155,422	-	-	-	1,155,422
Contributions and private grants	28,785	-	-	-	28,785
Other revenue	596,710	-	-	4,252	600,962
State on behalf contribution	2,836,890	-	-	-	2,836,890
Total revenues	<u>163,070,751</u>	<u>(1,083,206)</u>	<u>-</u>	<u>4,252</u>	<u>161,991,797</u>
Expenditures					
Current:					
General government	7,139,973	72,363	(15,502)	9,055,275	16,252,109
Public safety	35,528,416	-	(246,878)	-	35,281,538
Public works	9,741,165	-	(2,301,831)	-	7,439,334
Sanitation	1,084,597	-	-	-	1,084,597
Parks and recreation	2,557,293	-	(129,064)	-	2,428,229
Public libraries	1,966,841	-	101,055	-	2,067,896
Education	84,588,924	-	1,310,568	-	85,899,492
Miscellaneous	10,949,939	-	-	-	10,949,939
Long-term obligations:					
Debt service	4,290,171	-	-	(2,331,918)	1,958,253
Total expenditures	<u>157,847,319</u>	<u>72,363</u>	<u>(1,281,652)</u>	<u>6,723,357</u>	<u>163,361,387</u>
Other financing sources (uses)					
Proceeds of debt issuance	-	-	-	-	-
Transfers from other funds	43,197,809	-	-	-	43,197,809
Transfers to other funds	(43,197,809)	-	-	-	(43,197,809)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change for the year	<u>\$ 5,223,432</u>	<u>\$ (1,155,569)</u>	<u>\$ 1,281,652</u>	<u>\$ (6,719,105)</u>	<u>\$ (1,369,590)</u>

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2015

- (1) Decreases in deferred revenues do not provide current financial resources to governmental funds but are reported as revenues in the Statement of Activities.

Deferred revenue property tax	\$ (1,083,206)
	<u>\$ (1,083,206)</u>

- (2) Interest expense in the Statement of Activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was increased on the calculation for bonds payable. Costs associated with debt financing are expensed in the Fund Financial Statements while in the Government-Wide Financial Statements they are capitalized and amortized over the life of the bond. Also, premiums received from bond issuance which are recorded in the governmental funds as revenue are amortized in the Statement of Activities.

Accrued interest	\$ (72,363)
Total expenditure adjustment	<u>\$ (72,363)</u>

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

Capital outlay	\$ 6,194,994
Depreciation expense	<u>(4,913,342)</u>
Difference	<u>\$ 1,281,652</u>

- (4) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities. Net proceeds from the issuance of debt in the governmental funds are reported as a source of financing, while in the Government-Wide Financial they are an increase in long-term liabilities.

Principal payments made on bonds	\$ 1,716,500
Principal payments made on loans	175,000
Principal payments made on leases	1,655,418
Amortization of bond premium	4,252
Issuance of debt	<u>(1,215,000)</u>
	<u>\$ 2,336,170</u>

- (5) Certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the Statement of Activities these accrued expenses are recognized and charged to current activities.

Net decrease in compensated absences	\$ 929,395
Net increase in net OPEB asset	940,192
Net decrease in the OPEB obligation	3,441,871
Net decrease in the net pension obligation	-
Net increase in the net pension liability	(28,972,427)
Net decrease in settlements payable	-
Net decrease in net pension asset	(1,851,406)
Net increase in deferred outflows	15,732,377
Net decrease in deferred inflows	724,723
Change	<u>\$ (9,055,275)</u>

(continued)

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 9 - INTERFUND BALANCES

The City reports interfund balances between many of its funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

	<u>Due from other funds</u>		<u>Due to other funds</u>
General Fund	\$ 8,421,643		\$ 13,333,114
Special Revenue Funds:			
School Unrestricted	14,577,964		160
Other Non-Major Governmental Funds :			
School Restricted	\$ 1,180,694		\$ 3,843,849
School Lunch Fund	98,159		-
Summer School Remedial	-		45,422
Virtual Learning Programs	3,433		-
Adult Vocational Training	-		2,023
City Permanent	40,810		44,875
City Restricted	1,317,272		2,118,104
Capital Projects:	<u>3,007</u>	2,643,375	<u>943,991</u>
Trust and Agency Funds:			
Agency Funds		3,230	18,435
Proprietary Funds			
Water	-		9,831,441
Sewer	4,639,944	4,639,944	104,742
		<u>\$ 30,286,156</u>	<u>\$ 30,286,156</u>

NOTE 10 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them. For example, the \$43,197,809 is the School's appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

<u>Fund / Department</u>	<u>Transfers from other funds</u>	<u>Transfers to other funds</u>
General Fund	\$ -	\$ 43,197,809
Special Revenue (School Department)	43,197,809	-
Totals	<u>\$ 43,197,809</u>	<u>\$ 43,197,809</u>

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 11 - NET POSITION/FUND BALANCES

(a) Net Position

The Government-Wide Financial Statements utilize a net position presentation. Net positions are categorized as invested in capital assets, net of related debt; restricted; and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by grantors, laws and regulations and enabling legislation.

Unrestricted Net Position - This category represents net position of the City, not restricted for any project or other purpose.

(b) Fund Balances

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash (e.g. inventories and prepaid expenditures).

At October 31, 2015, Nonspendable Fund Balance consisted of the following:

Major Governmental Funds

General Fund:

Inventory	\$	24,653
Prepaid expenditures		614,872
		\$ 639,525

School Special Revenue Unrestricted Fund:

Prepaid expenditures	\$	332,783
		\$ 332,783

		\$ 972,308
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City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

Non-major Governmental Funds
 Permanent Funds:

Cemetery perpetual care	\$	50,334
		50,334
Total non-major governmental funds		\$ 50,334

Restricted Fund Balance — This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

At October 31, 2015, Restricted Fund Balance consisted of the following:

Non-major Governmental Funds
 Special Revenue Funds:

Byrne/JAG	\$	8,723
Energy study and improvement		10,767
Station construction		250,406
Fire prevention & safety		253
Fire UASI		1,040
SBA green business initiative		483
Substance abuse program		20,547
Waterfront storm study		139,342
Hazmat reimbursement		2,400
Hunt's Mill/ Tranquility Place		126,225
Project D.A.R.E		9,763
Forfeited drug seizure - state		28,193
Forfeited drug seizure - federal		282,682
FDA/DEA/Marshalls		2,912
Bold Point Park		28,229
Emergency management program		71,112
Historical records preservation		398,161
Senior center		16,652
Champlin Weaver Fund		949
Carousel operations		72,319
Library operations		130,635
Cemetery operations		713
Early retiree reinsurance program		201,438
Beautification committee		1,115
Sabin Point floating dock		171
Playground activities		72
Community development activities		289,599

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

IDEA Part B	59
Title I	50
Title II	40
Title III	150
Perkins	3,758
Vocational training for adults	17,979
RI Council on the Arts	465
Career and tech education	224,701
Permanent school fund - Hennessey	109
Champlin music/media lab	7,108
Feinstein	14,717
Feinstein/Hennessey	73,007
United Way	1,736
Walmart	18
Verizon	10,280
Sahin Management Corporation	1,000
Aspen Aerogels	1,000
Donations & gifts	6,081
RI Parent Information Network	1,181
Middle school sports	967
High school band	5,475
School lunch program	144,111
Adult vocational training income	5,749
Virtual learning program	12,860
	<u>\$ 2,627,502</u>

Capital Project Funds

Capital improvements	<u>\$ 3,452,025</u>
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Total non-major governmental funds	<u><u>\$ 6,079,527</u></u>
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Committed Fund Balance — This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority.

Assigned Fund Balance — This classification includes amounts constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

At October 31, 2015, Assigned Fund Balance consisted of the following:

Major Governmental Funds

General Fund:

Carryover unexpended amounts	\$ 1,305,516
SYNC bond	2,652,594
Other post-employment benefits	7,453,038
Fiscal year 2016 reappropriation	2,215,000
	\$ 13,626,148
Total major governmental funds	\$ 13,626,148

Unassigned Fund Balance — This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Assigned fund balances are authorized by the Finance Director. The City considers restricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

(c) Fund Deficits

The following funds had fund deficits at October 31, 2015:

Non-major Governmental Funds

Summer school remedial	\$ 38,566
Special revenue restricted funds:	
Energy efficiency study	731
Fire decon grant	13,301
Fresh fruits and vegetables	297
CTE categorical program year 1	50,000
	\$ 64,329
Total non-major governmental funds	\$ 102,895

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

(d) Operating Deficits

The following individual fund balances had operating deficits for the year ending October 31, 2015, but still maintained positive fund balances:

Non-major Governmental Funds

Adult vocational training	\$	1,649	
Virtual learning		381	
	\$	<u>2,030</u>	
Special Revenue Funds:			
SBA green business initiative	\$	80	
Substance abuse programs		15,384	
Waterfront storm study		109,334	
Hunt's Mill / Tranquility Place		1,676	
Forfeited drug seizure - federal		710,870	
FDA/DEA/Marshalls		1,000	
Emergency management program		20,705	
Champlin Weaver Fund		97,169	
Beautification committee		1,385	
DEM Silver Spring playground		74,928	
Perkins		5,664	
Vocational training for adults		162	
RI Council on the Arts		55	
Champlin Music/Media Lab		9,520	
United Way		3,610	
Middle School Sports		4,810	
High School Band		921	
	\$	<u>1,057,273</u>	
Capital Project Funds:			
2007 public works BAN	\$	870,292	
RIHEBC leases		448,394	
	\$	<u>1,318,686</u>	
Permanent Fund:			
Little Neck Cemetery	\$	<u>1,195</u>	
Total non-major governmental funds			<u><u>\$2,379,184</u></u>

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of East Providence administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 17. The plan provides medical, dental, and life insurance for eligible retirees and their dependents through the City's group health and life insurance plans, which cover both active and retired members. Benefit provisions are established and may be amended by the union contracts through negotiations between the City and the respective unions. The plan does not issue a publicly available financial report. However, the City does prepare a complete valuation report on a bi-annual basis. The most recent valuation was completed in 2015.

Two plan provisions have been updated since the last full valuation for the year ending October 31, 2013 and are noted below:

- Firefighters hired on/after January 1, 2014 and police officers hired on/after November 1, 2014 are eligible at age 55 with 25 years of service. In prior valuations, police officers and firefighters are eligible to retire at the earlier of age 60 with 10 years of service or after 20 years of service with no minimum age requirement. This change caused a minor decrease in the City's liabilities.
- Police officers and firefighters hired on/after January 1, 2015 no longer have free retiree health benefits. They are now required to contribute 20% of the cost of retiree health coverage. This change caused a minor decrease in the City's liabilities.

The following groups of retirees receiving a pension from the City's Police and Fire Pension Plan, the Employees' Retirement System, or the Municipal Employees' Retirement System are eligible for post-employment benefits:

- Firefighters hired before January 1, 2014 and police officers hired before November 1, 2014 are eligible at the earlier of age 60 with 10 years of service or 20 years of service (no age requirement).
- Teachers and Principals with 10 or more years of service as of June 30, 2005 (Schedule A) - retirees with at least 10 years of creditable service are eligible at age 60; retirees with at least 28 years of creditable service are eligible at any age.
- Teachers and Principals with less than 10 years of service as of June 30, 2005 (Schedule B) - retirees with at least 10 years creditable service are eligible at age 65; retirees with at least 29 years of creditable service are eligible at age 59.
- General City and School members who are eligible for retirement on or before July 1, 2012 qualify with at least 10 years of service are eligible at age 58; retirees with at least 30 years of service are eligible at any age.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

- General City and School members who are eligible for retirement after July 1, 2012 may retire with at least five years of creditable service on June 30, 2012 at age 65; at least 5 years of creditable service on June 30, 2015 at an individually determined age, which is the result of an interpolation of the member's prior retirement date (date applicable for those retiring by July 1, 2012) and the retirement age applicable to members hired after June 30, 2016; with 10 years of creditable service on June 30, 2012 at their prior retirement date if they continued to work and contribute until that date.
- All General City and School members who are within five years of reaching their retirement eligibility date may retire at any time if they have at least 20 years of service.
- Effective July 1, 2015, all members are eligible to retire upon attainment of age 65 with 30 years of service; age 64 with 31 years of service; age 63 with 32 years of service; age 62 with at least 33 years of service. These are additional eligibility requirements. If employees are eligible to retire under the current eligibility requirements, they may do so.
- Disability - employees on service-related disability are eligible at any age; employees on non-service related disability are eligible with 10 years of service for police and fire, 5 years of service for teachers and from date of hire for general employees.

At October 31, 2015, membership consisted of:	<u>City, Police, Fire</u>
Active employees	389
Retirees	123
Total	<u>512</u>

At October 31, 2015, membership consisted of:	<u>School</u>
Active employees	510
Retirees	212
Total	<u>722</u>

Police, Fire and City General Employees - Medical and prescription drug benefits and group life insurance of \$7,500 are provided to eligible retirees until age 65 or 3 years after retirement, whichever is later. Disabled police and firefighters receive benefits for life and disabled general employees are treated as retirees. The spouse's disability benefit terminates when the retiree turns 65 or upon death of retiree, whichever is earlier. A surviving spouse receives COBRA coverage upon death of the retiree and must pay the required COBRA rate. Upon death of an active Police Officer or Firefighter, the surviving spouse receives three years of free coverage paid by the City and then must elect COBRA coverage and pay the required COBRA rate. Upon death of a General City employee, the surviving spouse receives one year of subsidized coverage paid by the City and then must elect Cobra coverage and pay the required COBRA rate. The City's subsidy will be at the same level as the existing active employee's subsidy. Retirees prior to November 1, 2012 do not contribute to medical and prescription drug benefits or group life insurance, except for those enrolled in COBRA coverage or Medicare Plan 65 who pay the full cost of coverage. Members who retire on/after January 1, 2015 contribute 20% to the cost of retiree health benefits. Retirees may elect dental coverage at their own cost.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Teachers and School General Employees - Medical and prescription drug benefits, dental benefits, and group life insurance of \$25,000 are provided to eligible retirees. For retirees after November 1, 2012, medical and dental benefits will be provided for one year for family plans and two years for single plans. Custodians/secretaries who reach 30 years of service before October 31, 2017, shall receive health insurance benefits for themselves and their spouse until age 65. Medical, prescription drug, and dental benefits cease once the retiree is eligible for Medicare. Life insurance benefits cease upon attainment of age 70 (teachers, teachers assistants, principals and administrators), age 75 (custodians), or age 80 (secretaries).

Upon death of the retiree, surviving spouse coverage is as follows:

- Effective November 1, 2012, surviving spouse is eligible for subsidized coverage up to a maximum of one year from the date of the retiree's death. Contributions vary by employment class.

Upon death of active employees, surviving spouse coverage is as follows:

- Custodians/Secretaries/Teachers - coverage continues to surviving spouse for 2 years. Surviving spouse's contributions are 3% of member's pay prior to death for custodians, 2.5% of member's pay prior to death for secretaries, and 20% of premium for Teachers.
- Administrators/Principals - coverage continues to surviving spouse for 3 years. Surviving spouse's contribution is 20% of premium.
- Teacher Assistants - coverage continues to surviving spouse for 3 years. Surviving spouse's contribution is 2.5% of premium.

Retiree/spouse contributions applicable to medical and dental benefits vary by group as shown below:

Employee Group	Retiree Contribution	Spouse Contribution
Teachers who retired prior to 1999	Free coverage until Medicare eligibility	Difference between single and family working rates
Teachers who retired on/after 1999 but prior to 4/2009	Free coverage until Medicare eligibility	1.3 x single working rate
Teachers who retired after 4/2009 but before 11/2012	20% of premium for 2 years	Difference between single and family working rates
Secretaries and Custodians who retired after 4/2009 but before 11/2012	Free coverage until Medicare eligibility	Free coverage until retiree is eligible for Medicare
Teacher Assistants who retired after 4/2009 but before 11/2012	Free coverage until Medicare eligibility	Free coverage for 1 year then pay the difference between single and family rates
Teachers, Teacher Assistants, Secretaries and Custodians who retired on or after 11/2012	Same contribution as actives for 2 years followed by COBRA (no subsidy during COBRA)	Same contribution as actives for 1 year followed by COBRA (no subsidy during COBRA)
Administrators and Principals	20% of premium for specified number of years of coverage	20% of premium for specified number of years of coverage

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

* Custodians who retire on/prior to June 31, 2017 with 30 years of service are eligible for free family coverage until Medicare eligible.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of the applicable medical, prescription drug, dental and life insurance benefits less any applicable plan member contributions. For the year ended October 31, 2015, a trust has been established and the ARC for fiscal years 2013 and 2014 has been funded. For the fiscal year ended October 31, 2015, the City contributed \$2,016,384 to the plan and the School Department contributed \$1,441,677.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The report is prepared bi-annually and available at the office of the Finance Director. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation:

OPEB	<u>City</u>	<u>School</u>
Annual required contribution	\$ 3,645,401	\$ 1,626,290
Interest on OPEB obligation	459,926	(15,026)
Adjustment to annual required contribution	<u>(368,520)</u>	<u>39,847</u>
Annual OPEB cost	3,736,807	1,651,111
Contributions made	<u>(2,016,384)</u>	<u>(1,441,677)</u>
Increase in Net OPEB obligation	1,720,423	209,434
Net OPEB obligation, beginning of year	<u>10,220,586</u>	<u>(333,904)</u>
Net OPEB obligation, end of year	\$ 11,941,009	\$ (124,470)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the past three fiscal years are as follows:

	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
City	10/31/2015	\$ 3,736,807	54.0%	\$ 11,941,009
City	10/31/2014	\$ 4,416,172	84.5%	\$ 10,220,586
City	10/31/2013	\$ 4,407,377	77.8%	\$ 9,536,590
School	10/31/2015	\$ 1,651,111	87.3%	\$ (124,470)
School	10/31/2014	\$ 2,641,830	86.1%	\$ (333,904)
School	10/31/2013	\$ 2,681,088	77.8%	\$ (702,388)

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

An actuarial valuation is provided once every two years. The funded status of the City's plan as of October 31, 2015, the most recent actuarial valuation is as follows:

	City	School
Actuarial Accrued Liability (AAL)	\$ 49,281,961	\$ 10,403,730
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 49,281,961	\$ 10,403,730
Funded Ratio	0%	0%
Annual Covered Payroll (Active Plan Members)	\$ 22,427,960	\$ 27,591,816
UAAL as a Percentage of Covered Payroll	219.7%	37.7%

Actuarial valuations of an ongoing plan involve 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 the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following 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 liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Several actuarial assumptions have been updated since the last full valuation and are as follows:

- Mortality table has been updated and created a slight decrease in the general City's liability and slight increase in the School's liability.
- Retirement, terminations and disability rates for general employees have been updated to be consistent with the most recent assumption used in the Rhode Island MERS. The change created an increase in the general City and School liabilities.
- Health care trend rates have been reset to an initial rate of 9%, decreased by 0.5% annually to an ultimate rate of 5.0%. This caused an increase in the general City and School liabilities.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The City's annual required contribution for fiscal 2015 was determined as part of the October 31, 2015 actuarial valuation, with results actuarially rolled back to November 1, 2014 on a "no loss/no gain" basis, using the projected unit credit actuarial cost method (linear proration to full eligibility). The actuarial assumptions included:

- a) discount rate - 4.50%;
- b) payroll growth rate - 4.25% (used for amortization purposes only);
- c) inflation rate - 3.00% per year;
- d) cost method - entry age normal level dollar;
- e) amortization - aggregate cost level dollar;
- f) health care coverage election rate - 50% for active general employees (regardless of current health coverage election) and 100% for active police/fire employees (regardless of current health coverage election). 100% of retirees with current coverage are assumed to continue coverage. 0% of retirees without current coverage are assumed to elect coverage in the future;
- g) mortality - healthy retirees: RPH-2006 Total Dataset Mortality Table fully generational using scale MP-2015 - disabled retirees: RPH-2006 Disabled Mortality Table fully generational using scale MP-2015.

The School's annual required contribution for fiscal year 2015 was determined as part of the October 31, 2015 actuarial valuation, with results actuarially rolled back to November 1, 2014 on a "no loss/no gain" basis, using the projected unit credit actuarial cost method (linear proration to full eligibility). The actuarial assumptions included:

- a) discount rate - 4.50%;
- b) payroll growth rate - 3.00% (used for amortization purposes only);
- c) inflation rate - 3.00% per year;
- d) cost method - Projected Unit Credit with linear proration to full eligibility;
- e) amortization - level percentage of pay over thirty years based on an open group
- f) health care coverage election rate - 100% for active administrators, principals, and teachers (regardless of current health coverage election) and 50% for active custodians, secretaries, and teachers assistants (regardless of current health coverage election). 100% of retirees with current coverage are assumed to continue coverage. 0% of retirees without current coverage are assumed to elect coverage in the future;
- g) mortality - RPH-2006 Total Dataset Mortality Table fully generational using scale MP-2015.

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

During the ordinary course of its operations, the City may become a party to various claims, legal actions and complaints. In the opinion of the City's management and legal counsel, the potential outcome and liability, if any, associated with these claims cannot be determined at this time.

City of East Providence
Notes to the Financial Statements
October 31, 2015

**NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES
(Continued)**

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The City and School Department participate in a number of federally assisted programs. The audits of these programs through the year ended October 31, 2015 were performed in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in the Single Audit Section. The amount, if any, of expenditures, which may be disallowed, will not be material to the financial position of the City.

NOTE 14 - RISK MANAGEMENT

The City of East Providence is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/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 various amounts depending on the type of coverage provided. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. The City self-insures for workers' compensation claims and uses Beacon Mutual as its third-party administrator.

NOTE 15 - COMMITMENTS

On February 10, 2010 the City entered into a design, build and operate services contract with United Water Environmental Services Inc. for its wastewater system. The initial term of the agreement was 10 years with an option to extend for an additional 10 years. The fixed design/build prices are as follows: plant \$24,224,154 (original contract - \$20,884,861) and collection system \$27,286,923 (original contract - \$24,730,993). The agreement also provides for the payment of monthly fees to United Water for the operation of the system which has fixed and variable components.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 1, 2016 the date the financial statements were available to be issued. There are no subsequent events noted.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS

Effective July 1, 2012, the State administered retirement system which covers local teachers and certain municipal employees was modified to include both defined benefit and defined contribution plan components.

A. EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERS)

Plan description - Certain employees of the East Providence School Department participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit provisions - The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

A. EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERS) (continued)

Contributions - The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, East Providence teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the East Providence School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the East Providence School Department; the rates were 9.19% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016 for the state and East Providence School Department, respectively. The East Providence School Department contributed \$4,495,710, \$3,997,487 and \$3,004,765 for the fiscal years ended October 31, 2015, 2014, and 2013 respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At October 31, 2015, the East Providence School Department reported a liability of \$54,392,896 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the East Providence School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the East Providence School Department were as follows:

East Providence School Department proportionate share of the net pension liability	\$54,392,896
State's proportionate share of the net pension liability associated with the East Providence School Department	<u>\$37,159,519</u>
Total net pension liability	\$91,552,415

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The East Providence School Department proportion of the net pension liability was based on a projection of the East Providence School Department long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015 the East Providence School Department proportion was 1.98%.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

A. EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERS) (continued)

For the year ended October 31, 2015, the East Providence School Department recognized gross pension expense of \$6,799,269 and revenue of \$4,512,177 for support provided by the State. At June 30, 2016 the East Providence School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred outflows of resources</i>	
Contributions subsequent to the measurement date	\$ 988,082
Net difference between projected and actual earnings on pension plan investments	3,064,774
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,153,693
<i>Deferred inflows of resources</i>	
Difference between expected and actual experience	\$ (354,172)
Changes in assumptions	(1,462,266)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Net difference between projected and actual earnings on pension plan investments	(3,105,808)
Total	\$ 284,303

\$988,082 reported as deferred outflows of resources related to pensions resulting from the East Providence School Department contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended October 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (386,669)
2018	(386,669)
2019	(386,669)
2020	648,600
2021	(117,593)
thereafter	(74,779)
Total	\$ (703,779)

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

A. EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERS) (continued)

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.5%
Investment rate of return	7.50%

Mortality – male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.88%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

A. EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND (ERS) (continued)

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$68,208,254	\$54,392,896	\$43,083,070

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Defined Contribution Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The East Providence School Department recognized pension expense of \$1,129,655 for the fiscal year ended June 30, 2016.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

General Information about the Pension Plan

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

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

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

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

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three year FAC as of July 1, 2012 or the five year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010, and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

General employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service, or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

Police and Fire employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

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

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

Other benefit provisions

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

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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

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

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

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

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

Employees covered by benefit terms

At the June 30, 2014 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	383
Inactive, Nonretired Members	126
Active Members	<u>360</u>
Total	<u>869</u>

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The City of East Providence contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed \$3,748,252 in the year ended October 31, 2015 which was 23.07% of annual covered payroll.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2014 and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2015 measurement date (June 30, 2014 valuation rolled forward to June 30, 2015)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	<ul style="list-style-type: none"> • Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2014 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

Changes in the Net Pension Liability (Asset)			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2014	\$ 101,890,323	\$ 62,798,173	\$ 39,092,150
Changes for the Year			
Service cost	1,451,910	-	1,451,910
Interest on the total pension liability	7,436,366	-	7,436,366
Changes in benefits	2,000,052	-	2,000,052
Difference between expected and actual experience	(893,679)	-	(893,679)
Changes in assumptions	-	-	-
Employer contributions	-	3,537,324	(3,537,324)
Employee contributions	-	320,534	(320,534)
Net investment income	-	1,432,717	(1,432,717)
Benefit payments, including employee refunds	(6,929,467)	(6,929,467)	-
Administrative expense	-	(59,227)	59,227
Other changes	-	35,429	(35,429)
Net changes	3,065,182	(1,662,690)	4,727,872
Balances as of June 30, 2015	\$ 104,955,505	\$ 61,135,483	\$ 43,820,022

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the net pension liability of the employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ 55,040,334	\$ 43,820,022	\$ 34,635,352

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended October 31, 2015 the employer recognized pension expense of \$5,575,328. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 851,124	\$ -
Difference in experience	-	671,166
Differences in assumptions	-	4,529
Excess(deficit) Investment Returns	<u>2,528,854</u>	<u>2,487,002</u>
Total	<u>\$ 3,379,978</u>	<u>\$ 3,162,697</u>

\$851,124 reported as deferred outflows of resources related to pensions resulting from the City of East Providence's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016

Year Ending June 30	Net Deferred Outflows (Inflows) of Resources
2017	\$ (422,479)
2018	(420,648)
2019	(419,301)
2020	628,585
2021	-
Thereafter	-
Total	<u>\$ (633,843)</u>

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS) (Continued)

Defined Contribution Plan Description:

Employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 7% (see below) of their annual covered salary and employers contribute 3% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The City of East Providence recognized pension expense of \$100,359, for the fiscal year ended October 31, 2015.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN

Benefits provided – The COEP P&FF Pension Plan provides retirement, disability and death benefits to its members. Retirement benefits are generally calculated as the product of the number of completed years of service, final average compensation at retirement, and a cumulative percentage that varies by years of service (for each year 0 – 24 years: 2.5% , for each year 25 – 28 years: 2.0%, and for each year 29 – 30 years: 1.0%). Members may retire after 20 years of service, and Fire Fighters hired after January 1, 2014 may retire after age 55 with 25 years of service. Members are eligible for non-service related disability after 10 years of service and service related disability after hire date. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without actuarial reduction. Death benefits are provided for non-service related deaths after 3 years of service and for service related deaths after hire date. Benefits upon death are also dependent on marital and dependent status at the time of death. Members who leave the Plan upon employment termination prior to 10 years of service are entitled to the return of contributions without interest.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN (Continued)

Employees covered by benefit terms:

As of October 31, 2015, the following employees and other participants were members of the COEP P&FF Pension Plan:

	<u>Police</u>	<u>Fire Fighters</u>	<u>Total</u>
Actively Employed	93	112	205
Terminated - Deferred Benefits	0	0	0
Service Retirements	72	89	161
Disability Retirements	20	25	45
Surviving Souses	<u>21</u>	<u>19</u>	<u>40</u>
Total Participants	<u>206</u>	<u>245</u>	<u>451</u>

Contributions - The actual contributions required to be made to the Plan by the City each year are determined based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by members during the year, with an additional amount to finance the unfunded accrued liability. The required City contributions to the Plan for the fiscal year ending October 31, 2015 were 19.1% for police and 60.0% for firefighters. The established contribution rates for members are currently set at 9.0% of pay for firefighters and for police. For the purpose of pension calculations and determination of contributions, pay includes base pay, longevity pay, and holiday pay of the members.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN (Continued)

Net Pension Liability – The City's net pension liability has been measured as of October 31 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the October 31, 2015 measurement date	
Annual rate of inflation	3.00 percent
Salary increases	4.25 percent, including inflation
Long-term expected rate of investment return	7.50 percent, including inflation and expenses
Mortality	Rates were based on the RP-2000 Combined Health for Males and Females with Blue Collar adjustment mortality table, projected for mortality improvements with scale AA

The actuarial assumptions used in the October 31, 2015 actuarial valuation have been based on the results of the 2012 Actuarial Experience Study completed for the periods ending October 31 in years 2001 through 2011.

Benefit terms provide for annual cost-of living adjustments to the monthly benefit payable to retired Member's each year, generally including retired Members from about the mid-1990's and thereafter. The annual cost-of-living for these retired Members is an annual compounded increase of 3.0% each year. For Fire Fighter Members hired after January 1, 2014, the annual cost-of-living increase upon retirement will be an annual non-compounded increase of 2.25% each year. These annual cost-of-living increases are fully reflected in the determination of the total pension liability which has been determined as of October 31, 2015.

The long-term expected rate of return on pension plan investments can be approximated by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding the annual expected annual rate of inflation.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN (Continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	30%	5.5%
International equity	19%	5.2%
Fixed income	29%	1.5%
Real estate	8%	7.0%
Hedge funds	9%	7.0%
Private equity	4%	6.0%
Cash	1%	0.0%
	<u>100%</u>	

Discount rate – The discount rate used to determine the total pension liability was 4.88%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the employee contribution rates. Based on those assumptions for contributions, the Plan's fiduciary net position was projected using the expected long-term rate of return. It was found that the projected net fiduciary position would be able to pay expected current benefit amounts for approximately 21 years. Using the long-term rate of return of 7.50% for the first 21 years and combined with a discount rate after 21 years using an expected municipal bond rate of 3.80%, results in an equivalent discount rate of 4.88%, which has been used to determine the total pension liability as of October 31, 2015.

Plan Fiduciary Net Position – The Plan's fiduciary net position as of October 31, 2015 was equal to \$115,826,192. This value is equal to the fair market value of the Plan's investments as of that date.

	Changes in the Net Pension Liability		
	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances as of October 31, 2014	\$ 239,548,579	\$ 116,651,846	\$ 122,896,733
Changes for the Year			
Service cost	4,598,950	-	4,598,950
Interest on the total pension liability	11,945,938	-	11,945,938
Changes in benefits	-	-	-
Difference between expected and actual experience	12,012,591	(6,534,374)	18,546,965
Changes in assumptions	-	-	-
Employer contributions	-	6,435,589	(6,435,589)
Employee contributions	-	1,263,128	(1,263,128)
Net investment income	-	8,639,003	(8,639,003)
Benefit payments, including employee refunds	(10,237,038)	(10,237,038)	-
Administrative expense	(391,962)	(391,962)	-
Other changes	-	-	-
Net changes	17,928,479	(825,654)	18,754,133
Balances as of October 31, 2015	<u>\$ 257,477,058</u>	<u>\$ 115,826,192</u>	<u>\$ 141,650,866</u>

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to changes in the discount rate. The following chart presents the net pension liability of the Plan, calculated using the current discount rate of 4.88%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (decrease to 3.88%) or 1-percentage-point higher (increase to 5.88%) than the current discount rate employed:

1.00% Decrease (3.88%)	Current Discount Rate (4.88%)	1.00 Increase (5.88%)
\$ 180,862,092	\$ 141,650,866	\$ 110,044,571

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended October 31, 2015 the employer recognized pension expense of \$6,724,321. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ 4,477,160	\$ -
Differences in assumptions	7,535,431	-
Excess(deficit) investment returns	6,534,374	-
Total	\$ 18,546,965	\$ -

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Net Deferred Outflows/(Inflows) of Resources
2016	\$ 2,040,720
2017	2,040,720
2018	2,040,720
2019	2,040,720
2020	2,040,720
Thereafter	8,343,365
Total	\$ 18,546,965

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB)

Plan description - Certain employees of the City of East Providence participate in a cost-sharing multiple-employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Eligibility and plan benefits - the plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if at the time of the member's death the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member. In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouses' Benefit
\$17,000 or less	\$ 750
\$17,001 to \$25,000	\$ 875
\$25,001 to \$33,000	\$ 1,000
\$33,001 to \$40,000	\$ 1,125
\$40,001 and over	\$ 1,250

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB) (continued)

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and 1 Child	Parent and 2 or more Children	One Child Alone	Two Children Alone	Three or more Children Alone	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions - The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to but not exceeding an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The East Providence School Department contributed \$48,691, \$45,179 and \$45,843 for the fiscal years ended October 31, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At October 31, 2015 the East Providence School Department reported an asset of \$7,362,805 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At October 31, 2015 the School Department's proportion was 7.89%.

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB) (continued)

For the year ended October 31, 2015 the East Providence School Department recognized pension expense of \$(524,615) – an increase in the net pension asset. At October 31, 2015 the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>Deferred outflows of resources</i>	
Contributions subsequent to the measurement date	\$ 47,125
Difference between expected and actual experience	1,702,275
Net difference between projected and actual earnings on pension plan investments	935,559
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
<i>Deferred inflows of resources</i>	
Changes in proportion and differences between employer contributions and proportionate share of contributions	(457,709)
Net difference between projected and actual earnings on pension plan investments	(962,394)
Total	\$1,264,856

\$47,125 reported as deferred outflows of resources related to pensions resulting from the East Providence School Department's contributions in fiscal year 2015 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended October 31, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended October 31:	
2017	\$ 64,660
2018	64,660
2019	64,659
2020	385,458
2021	151,568
Thereafter	<u>486,726</u>
Total	\$1,217,731

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB) (continued)

Actuarial Assumptions - the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality rates for male and female teachers were based on 97% (males) and 92% (females) of rates in a GRS table based on male and female teacher experience, projected with scale AA from 2000.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity:	38.0%	-
U.S. Equity	-	6.93%
International Developed	-	7.32%
International Emerging Markets	-	9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Assets:	11.0%	-
Master Limited Partnerships	-	4.51%
Credit	-	4.51%
Inflation Linked Bonds	-	1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	100.0%	

City of East Providence
Notes to the Financial Statements
October 31, 2015

NOTE 17 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB) (continued)

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension asset to changes in the discount rate - the following presents the net pension asset calculated using the discount rate of 7.5 percent as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.5%)	Current Discount Rate (7.5%)	1.00 Increase (8.5%)
\$ (5,717,781)	\$ (7,362,805)	\$ (8,709,029)

Pension plan fiduciary net position - detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

NOTE 18 – RESTATEMENT

The net position of the Governmental Activities has been restated to reflect adjustments related to the adoption of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date –an amendment of GASB Statement No. 68", in fiscal year 2015.

Government-Wide Financial Statements

Net position at October 31, 2014, as originally stated	\$ 46,369,305
Adjustments for GASB 68	<u>(146,731,497)</u>
Net position at October 31, 2014, restated	<u>\$ (100,362,192)</u>

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual Amounts</u>	<u>Budget Variance</u>
Revenues:				
<i>General property tax</i>	\$ 101,240,160	\$ 101,240,160	\$ 102,800,454	\$ 1,560,294
<i>Interest</i>				
Interest on taxes	-	-	1,149,042	1,149,042
Interest on investments	-	-	1,773	1,773
<i>Total interest</i>	-	-	1,150,815	1,150,815
<i>Departmental</i>				
Permits, licenses and fees	-	-	121,693	121,693
Fines and penalties	1,033,526	1,033,526	1,580,454	546,928
Charges for services	4,521,932	4,521,932	4,945,138	423,206
Donations	-	-	-	-
Sale of city property	-	-	5,786	5,786
Revenue from City agencies	-	-	-	-
<i>Total departmental</i>	5,555,458	5,555,458	6,653,071	1,097,613
<i>Intergovernmental</i>	5,313,524	5,313,524	6,464,321	1,150,797
<i>Appropriated Surplus</i>	-	-	-	-
Total Revenues	<u>112,109,142</u>	<u>112,109,142</u>	<u>117,068,661</u>	<u>4,959,519</u>
Expenditures:				
<i>General Government</i>				
City council	30,311	30,311	34,139	(3,828)
City manager	260,870	260,870	303,406	(42,536)
Senior services	319,375	319,375	320,605	(1,230)
Information technology	921,859	921,859	1,065,080	(143,221)
City clerk	628,611	628,611	637,372	(8,761)
Municipal court	-	-	-	-
Finances director	773,497	773,497	729,512	43,985
Control and accounts	-	-	-	-
Treasury	488,714	488,714	474,403	14,311
Treasury - MIS	-	-	-	-
Purchasing	197,844	197,844	194,859	2,985
Assessment	859,964	859,964	836,070	23,894
Planning	598,893	598,893	595,894	2,999
Law	327,944	327,944	293,278	34,666
Human resources	641,434	641,434	605,902	35,532
Affirmative action	-	-	-	-
Canvassing	203,933	203,933	186,222	17,711
<i>Total general government</i>	<u>6,253,249</u>	<u>6,253,249</u>	<u>6,276,742</u>	<u>(23,493)</u>
<i>Public Safety</i>				
Police	14,125,219	14,125,219	14,921,757	(796,538)
Animal control	334,648	334,648	316,595	18,053
Harbormaster	48,100	48,100	43,933	4,167
Fire	17,787,857	17,787,857	18,356,184	(568,327)
Building inspection	564,883	564,883	664,605	(99,722)
<i>Total public safety</i>	<u>32,860,707</u>	<u>32,860,707</u>	<u>34,303,074</u>	<u>(1,442,367)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2015
(continued)

	Original Budget	Revised Budget	Actual Amounts	Budget Variance
Public Works				
Director	250,864	250,864	252,311	(1,447)
Engineering	724,872	724,872	726,534	(1,662)
Highway	3,809,139	3,809,139	3,667,188	141,951
Central garage	745,366	745,366	733,502	11,864
Streetlights	730,000	730,000	672,497	57,503
Public buildings	1,392,818	1,392,818	1,288,305	104,513
Total public works	7,653,059	7,653,059	7,340,337	312,722
Sanitation				
Refuse disposal	2,526,030	2,526,030	2,557,293	(31,263)
Total sanitation	2,526,030	2,526,030	2,557,293	(31,263)
Public Libraries				
	2,159,150	2,159,150	1,966,841	192,309
Parks and Recreation:				
Pierce stadium	36,733	36,733	30,683	6,050
Recreation	672,614	672,614	740,102	(67,488)
Total parks and recreation	709,347	709,347	770,785	(61,438)
Capital				
	980,000	980,000	1,157,690	(177,690)
OPEB				
	-	-	-	-
1% Budget Reserve				
	1,017,380	1,017,380	-	1,017,380
Debt Service				
	8,582,308	8,582,308	4,290,171	4,292,137
Miscellaneous:				
Self help	15,000	15,000	15,000	-
Retiree benefits	4,330,882	4,330,882	7,528,962	(3,198,080)
Unemployment	46,041	46,041	25,234	20,807
Medicaid penalty	-	-	5,476	(5,476)
Worker's compensation	-	-	136,536	(136,536)
Professional services	282,000	282,000	405,001	(123,001)
Grant matching funds	15,000	15,000	3,000	12,000
Liability insurance	731,409	731,409	803,851	(72,442)
Benefit coordination	20,000	20,000	-	20,000
Conservation	25	25	-	25
Beautification	200	200	-	200
Economic development	2,500	2,500	4,989	(2,489)
Veteran's parade	630	630	500	130
Claims & settlements	255,000	255,000	218,970	36,030
Minimum standards	20,000	20,000	-	20,000
Miscellaneous	367,066	367,066	216,715	150,351
Transfer out	-	-	428,015	(428,015)
Total miscellaneous	6,085,753	6,085,753	9,792,249	(3,706,496)
Total Expenditures	68,826,983	68,826,983	68,455,182	371,801
Excess of revenues over expenditures before operating transfers	43,282,159	43,282,159	48,613,479	(5,331,320)
Other financing sources and (uses)				
Operating transfers from other funds				
Special revenue funds	-	-	-	-
Revenue from City agencies	-	-	-	-
Operating transfers to other funds				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
School unrestricted fund - City appropriation	(42,173,056)	(42,173,056)	(43,197,809)	(1,024,753)
Fund surplus	-	-	-	-
Total other financing sources and (uses)	(42,173,056)	(42,173,056)	(43,197,809)	(1,024,753)
Net change in fund balance - budgetary basis	\$ 1,109,103	\$ 1,109,103	\$ 5,415,670	\$ (6,356,073)

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended October 31, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
State aid	\$ 30,787,617	\$ 30,787,617	\$ 31,669,331	\$ 881,714
Charges for services	859,224	859,224	803,890	(55,334)
Other revenue	-	-	198,373	198,373
Total revenue	<u>31,646,841</u>	<u>31,646,841</u>	<u>32,671,594</u>	<u>1,024,753</u>
Expenditures				
Education	<u>74,844,650</u>	<u>74,844,650</u>	<u>74,478,494</u>	<u>366,156</u>
Total expenditures	<u>74,844,650</u>	<u>74,844,650</u>	<u>74,478,494</u>	<u>366,156</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>(43,197,809)</u>	<u>(43,197,809)</u>	<u>(41,806,900)</u>	<u>1,390,909</u>
Other financing sources				
Transfers from General Fund - City appropriation	<u>43,197,809</u>	<u>43,197,809</u>	<u>43,197,809</u>	<u>-</u>
Total other financing sources	<u>43,197,809</u>	<u>43,197,809</u>	<u>43,197,809</u>	<u>-</u>
Excess revenues and other sources over (under) expenditures and other sources - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390,909</u>	<u>\$ 1,390,909</u>

City of East Providence
Required Supplementary Information
Schedule of Funding Progress
Net Other Post-Employment Benefit Obligation
10/31/2015

City

As of	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/31/2015	35,639,171	-	35,639,171	-	22,427,960	158.9%
10/31/2014	66,851,556	-	66,851,556	-	20,204,098	330.9%
10/31/2013	66,851,556	-	66,851,556	-	20,204,098	330.9%

School

As of	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/31/2015	8,743,336	-	8,743,336	-	27,591,816	31.7%
10/31/2014	18,660,160	-	18,660,160	-	35,323,246	52.8%
10/31/2013	18,660,160	-	18,660,160	-	35,323,247	52.8%

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
EMPLOYEES' RETIREMENT SYSTEM (ERS)
10/31/2015**

**SCHEDULE OF CITY OF EAST PROVIDENCE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

Employees' Retirement System	<u>2015</u>
City of East Providence's proportion of the net pension liability	1.98%
City of East Providence's proportionate share of the net pension liability	\$ 54,392,896
State's proportionate share of the net pension liability associated with the school district	\$ 37,159,519
Total	<u>\$ 91,552,415</u>
City of East Providence's covered employee payroll	\$ 32,743,700
City of East Providence's proportionate share of the net pension liability as a percentage of its covered employee payroll	166.12%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**SCHEDULE OF CITY OF EAST PROVIDENCE'S CONTRIBUTIONS
Employees' Retirement System**

	<u>2015</u>
Actuarially determined contribution	\$ 4,495,710
Contributions in relation to the actuarially determined contribution	4,495,710
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 32,743,700
Contributions as a percentage of covered- employee payroll	13.73%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
10/31/2015**

**SCHEDULE OF CHANGES IN THE CITY OF EAST PROVIDENCE'S
NET PENSION LIABILITY AND RELATED RATIOS**

Municipal Employees' Retirement System

	Valuation for the Year Ended June 30, 2015
A. Total pension liability	
1. Service Cost	\$ 1,451,910
2. Interest on the Total Pension Liability	7,436,366
3. Changes of benefit terms	2,000,052
4. Difference between expected and actual experience of the Total Pension Liability	(893,679)
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(6,929,467)
7. Net change in total pension liability	\$ 3,065,182
8. Total pension liability – beginning	101,890,323
9. Total pension liability – ending (a)	<u>\$ 104,955,505</u>
B. Plan fiduciary net position	
1. Contributions – employer	\$ 3,537,324
2. Contributions – employee	320,534
3. Net investment income	1,432,717
4. Benefit payments, including refunds of employee contributions	(6,929,467)
5. Pension Plan Administrative Expense	(59,227)
6. Other	35,429
7. Net change in plan fiduciary net position	\$ (1,662,690)
8. Plan fiduciary net position – beginning	62,798,173
9. Plan fiduciary net position – ending (b)	<u>\$ 61,135,483</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 43,820,022</u>
D. Plan fiduciary net position as a percentage of the total pension liability	58.25%
E. Covered employee payroll	\$ 15,990,195
F. Net pension liability as a percentage of covered payroll	274.04%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
10/31/2015

SCHEDULE OF CITY OF EAST PROVIDENCE' S CONTRIBUTIONS
Municipal Employees' Retirement System

		<u>Fiscal 2015</u>
Actuarially determined contribution	\$	3,748,252
Contributions in relation to the actuarially determined contribution		3,748,252
Contribution deficiency (excess)	\$	<u><u>-</u></u>
Covered-employee payroll	\$	16,244,715
Contributions as a percentage of covered-employee payroll		23.07%

Notes:

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

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
POLICE AND FIRE LOCAL PENSION PLAN
10/31/2015**

**SCHEDULE OF CHANGES IN THE CITY OF EAST PROVIDENCE'S
NET PENSION LIABILITY AND RELATED RATIOS**

City of East Providence Police and Fire Local Pension Plan

		<u>Year Ended October 31, 2015</u>
A. Total pension liability		
1. Service Cost	\$	4,598,950
2. Interest on the Total Pension Liability		11,945,938
3. Changes of benefit terms		
4. Difference between expected and actual experience of the Total Pension Liability		4,477,160
5. Changes of assumptions		7,535,431
6. Benefit payments, including refunds of employee contributions		(10,629,000)
7. Net change in total pension liability		17,928,479
8. Total pension liability – beginning		<u>239,548,579</u>
9. Total pension liability – ending (a)	\$	<u><u>257,477,058</u></u>
B. Plan fiduciary net position		
1. Contributions – employer		6,435,589
2. Contributions – employee		1,263,128
3. Net investment income		8,639,003
4. Benefit payments, including refunds of employee contributions		(10,237,038)
5. Pension Plan Administrative Expense		(391,962)
6. Other		(6,534,374)
7. Net change in plan fiduciary net position		(825,654)
8. Plan fiduciary net position – beginning		116,651,846
9. Plan fiduciary net position – ending (b)	\$	<u>115,826,192</u>
C. Net pension liability - ending (a) - (b)	\$	<u><u>141,650,866</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability		81.77%
E. Covered employee payroll		14,628,000
F. Net pension liability as a percentage of covered payroll		968.35%

**SCHEDULE OF CITY OF EAST PROVIDENCE'S CONTRIBUTIONS
Municipal Employees' Retirement System**

		<u>Fiscal 2015</u>
Actuarially determined contribution	\$	5,922,000
Contributions in relation to the actuarially determined contribution		5,922,000
Contribution deficiency (excess)	\$	<u>-</u>
Covered-employee payroll	\$	16,517,465
Contributions as a percentage of covered-employee payroll		35.85%

Notes:

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

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
POLICE AND FIRE LOCAL PENSION PLAN
October 31, 2015**

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>2014</u>	<u>2015</u>
Police & Fire Pension Plan	15.73%	1.83%

Note:

Schedule is intended to show information for 10 years - additional years will be displayed as it becomes available.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
TEACHERS' SURVIVOR BENEFITS (TSB)
October 31, 2015**

**SCHEDULE OF THE CITY OF EAST PROVIDENCE'S PROPORTIONAL SHARE
OF THE NET PENSION LIABILITY (ASSET)**

Teachers' Survivors Benefit Plan	<u>2015</u>
City of East Providence's proportion of the net pension asset	7.41%
City of East Providence's proportionate share of the net pension asset \$	45,149
City of East Providence's covered employee payroll \$	24,452,898
City of East Providence's proportionate share of the net pension asset as a percentage of its covered employee payroll	0.18%
Plan fiduciary net position as a percentage of the total pension liability	173.3%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**SCHEDULE OF CITY OF EAST PROVIDENCE'S CONTRIBUTIONS
Teachers' Survivors Benefit Plan**

	<u>2015</u>
Statutorily determined contribution	\$ 94,787
Contributions in relation to the statutorily determined contribution	94,787
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll	\$ 24,452,898
Contributions as a percentage of covered-employee payroll	0.39%

Notes:

1.) Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate established by the RI General Laws, Section 16-16-35.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
Notes to Required Supplementary Information
October 31, 2015**

BUDGETARY DATA AND BUDGETARY COMPLIANCE

The City has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The City Manager, at least 45 days prior to the beginning of each budget year, shall submit to the City Council a proposed General Fund budget, including the School Unrestricted Fund. At the City Council meeting at which the budget is submitted, the City Council shall determine a place and time for a public hearing on the budget. After the public hearing, the City Council may insert new items or may increase or decrease the items of the budget, except expenditures fixed by law or prescribed by Charter. Before any additions are made to the budget by the City Council, another public hearing must be scheduled. The budget must be adopted by a favorable vote of at least a majority of all the members of the City Council. The budget must be finally adopted not later than seven (7) days before the end of the current fiscal year. Should the City Council take no final action on or prior to such day, the budget, as submitted, shall be deemed to have been formally adopted by the City Council. The General Fund and School Unrestricted Fund annual operating budget amounts are supported by the revenue estimates and take into account the elimination of the accumulated deficits and the reappropriation of accumulated surpluses to the extent necessary. The General Fund and School Unrestricted Fund budgets are in conformance with the legally enacted budgetary basis, which is not in conformance with generally accepted accounting principles (GAAP). The budget to actual presentation in the required supplementary information for these funds is reflected on the budgetary basis.

The City Manager may, at any time, transfer and unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. At the request of the City Manager and within the last three (3) months of the budget year, the Council may enact a resolution to transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. Appropriations not expended or encumbered lapse at year-end.

The difference between the budgetary basis and the GAAP basis is explained on the following page.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2015**

Explanation of differences between Budgetary Revenues, Budgetary Expenses, and Budgetary Transfers:

	General Fund GAAP Basis	Special Revenue GAAP Basis
Budgetary Basis Revenues	\$ 117,068,661	\$ 32,671,594
<i>Adjustments:</i>		
To adjust for captial lease proceeds	-	-
To adjust for use of fund balance	-	-
To adjust for State on behalf payments	-	2,836,890
GAAP basis revenues	117,068,661	35,508,484
 Budgetary Basis Expenditures	 68,455,182	 74,478,494
<i>Adjustments:</i>		
To adjust for capital lease expenditures	-	-
To adjust for State on behalf payments	-	2,836,890
To adjust for change in encumbrances	-	-
GAAP basis expenditures	68,455,182	77,315,384
 Budgetary Basis Transfers	 (43,197,809)	 43,197,809
<i>Adjustments:</i>		
To adjust for unbudgeted transfers	-	-
GAAP basis transfers	(43,197,809)	43,197,809
 <i>Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP Basis)</i>	 <i>\$ 5,415,670</i>	 <i>\$ 1,390,909</i>

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
October 31, 2015

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Adult Vocational Training Program Income	Virtual Learning Programs	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 3,550,417	\$ 2,357,007	\$ 211,783	\$ 6,856	\$ 7,772	\$ 9,427	\$ 4,573,894	\$ 54,399	\$ 10,771,555
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	1,353,646	-	-	-	-	-	-	-	1,353,646
Due from other governments	-	1,400,780	344,872	-	-	-	-	-	1,745,652
Internal balances	1,317,272	1,180,694	98,159	-	-	3,433	3,007	40,810	2,643,375
Prepaid expenditures	-	-	-	-	-	-	-	-	-
Total assets	\$ 6,221,335	\$ 4,938,481	\$ 654,814	\$ 6,856	\$ 7,772	\$ 12,860	\$ 4,576,901	\$ 95,209	\$ 16,514,228
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ 571,573	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,573
Accounts payable and accrued expenses	28,931	203,475	510,703	-	-	-	180,885	-	923,994
Internal balances	2,118,104	3,843,849	-	45,422	2,023	-	943,991	44,875	6,998,264
Deferred revenue	1,814,998	-	-	-	-	-	-	-	1,814,998
Other liabilities	178,433	-	-	-	-	-	-	-	178,433
Total liabilities	4,140,466	4,618,897	510,703	45,422	2,023	-	1,124,876	44,875	10,487,262
Fund balances (deficits)									
Nonspendable:									
Cemetery perpetual care	-	-	-	-	-	-	-	50,334	50,334
Restricted, reported in:									
Special revenue funds	2,094,901	369,881	144,111	-	5,749	12,860	-	-	2,627,502
Capital projects funds	-	-	-	-	-	-	3,452,025	-	3,452,025
Unassigned	(14,032)	(50,297)	-	(38,566)	-	-	-	-	(102,895)
Total fund balances	2,080,869	319,584	144,111	(38,566)	5,749	12,860	3,452,025	50,334	6,026,966
Total liabilities and fund balances	\$ 6,221,335	\$ 4,938,481	\$ 654,814	\$ 6,856	\$ 7,772	\$ 12,860	\$ 4,576,901	\$ 95,209	\$ 16,514,228

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended October 31, 2015

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Adult Vocational Training Program Income	Virtual Learning Programs	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
Revenues									
Federal and state aid and grants	\$ 1,527,250	\$ 5,048,422	\$ 1,532,358	\$ -	\$ -	\$ -	\$ 1,217,751	\$ -	\$ 9,325,781
Charges for services	134,134	-	574,733	13,595	6,150	13,270	-	-	741,882
Investment and interest income	6,316	-	-	-	-	-	64	-	6,380
Contributions and private grants	21,507	-	-	-	-	-	-	5,505	27,012
Other revenue	392,551	-	-	-	-	-	-	-	392,551
Total revenues	<u>2,081,758</u>	<u>5,048,422</u>	<u>2,107,091</u>	<u>13,595</u>	<u>6,150</u>	<u>13,270</u>	<u>1,217,815</u>	<u>5,505</u>	<u>10,493,606</u>
Expenditures									
General government	856,531	-	-	-	-	-	-	6,700	863,231
Public safety	1,225,342	-	-	-	-	-	-	-	1,225,342
Public works	312,776	-	-	-	-	-	2,088,052	-	2,400,828
Parks and recreation	313,812	-	-	-	-	-	-	-	313,812
Education	2,801	4,841,852	1,922,729	36,264	7,799	13,651	448,444	-	7,273,540
Debt service	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,711,262</u>	<u>4,841,852</u>	<u>1,922,729</u>	<u>36,264</u>	<u>7,799</u>	<u>13,651</u>	<u>2,536,496</u>	<u>6,700</u>	<u>12,076,753</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(629,504)	206,570	184,362	(22,669)	(1,649)	(381)	(1,318,681)	(1,195)	(1,583,147)
Other financing sources (uses)									
Proceeds of debt issuance	-	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-	-	-
Transfers (to) other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(629,504)</u>	<u>206,570</u>	<u>184,362</u>	<u>(22,669)</u>	<u>(1,649)</u>	<u>(381)</u>	<u>(1,318,681)</u>	<u>(1,195)</u>	<u>(1,583,147)</u>
Fund balances (deficit) - restricted November 1, 2014	<u>2,710,373</u>	<u>113,014</u>	<u>(40,251)</u>	<u>(15,897)</u>	<u>7,398</u>	<u>13,241</u>	<u>4,770,706</u>	<u>51,529</u>	<u>7,610,113</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 2,080,869</u>	<u>\$ 319,584</u>	<u>\$ 144,111</u>	<u>\$ (38,566)</u>	<u>\$ 5,749</u>	<u>\$ 12,860</u>	<u>\$ 3,452,025</u>	<u>\$ 50,334</u>	<u>\$ 6,026,966</u>

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015

	Safe Routes to School	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security
ASSETS							
Cash and cash equivalents	\$ -	\$ 914	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	-	-	8,723	10,767	250,406	253	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 914</u>	<u>\$ 8,723</u>	<u>\$ 10,767</u>	<u>\$ 250,406</u>	<u>\$ 253</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	731	914	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>731</u>	<u>914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)							
Fund balances - restricted	-	-	8,723	10,767	250,406	253	-
Fund balances - unassigned	(731)	-	-	-	-	-	-
Total fund balances (deficits)	<u>(731)</u>	<u>-</u>	<u>8,723</u>	<u>10,767</u>	<u>250,406</u>	<u>253</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 914</u>	<u>\$ 8,723</u>	<u>\$ 10,767</u>	<u>\$ 250,406</u>	<u>\$ 253</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015
(continued)

	Fire UASI	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	Hazmat Reimbursement
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 145,871	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	78	-	-	-	-
Internal balances	1,040	483	21,246	-	-	-	2,400
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 1,040</u>	<u>\$ 483</u>	<u>\$ 21,324</u>	<u>\$ 145,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 777	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	6,529	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>777</u>	<u>6,529</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)							
Fund balances - restricted	1,040	483	20,547	139,342	-	-	2,400
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>1,040</u>	<u>483</u>	<u>20,547</u>	<u>139,342</u>	<u>-</u>	<u>-</u>	<u>2,400</u>
Total liabilities and fund balances	<u>\$ 1,040</u>	<u>\$ 483</u>	<u>\$ 21,324</u>	<u>\$ 145,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015
(continued)

	Hunts Mill/ Tranquility Place	Project Dare	Forfeited Drug State	Forfeited Drug Federal	FDA/ DEA/ Marshalls	Bold Point Park	Substance Abuse Donations
ASSETS							
Cash and cash equivalents	\$ 155,354	\$ -	\$ 24,671	\$ 1,064,853	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	137,295	-	-	-
Internal balances	-	9,763	3,522	-	2,912	28,229	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 155,354</u>	<u>\$ 9,763</u>	<u>\$ 28,193</u>	<u>\$ 1,202,148</u>	<u>\$ 2,912</u>	<u>\$ 28,229</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	29,129	-	-	919,466	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>29,129</u>	<u>-</u>	<u>-</u>	<u>919,466</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)							
Fund balances - restricted	126,225	9,763	28,193	282,682	2,912	28,229	-
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>126,225</u>	<u>9,763</u>	<u>28,193</u>	<u>282,682</u>	<u>2,912</u>	<u>28,229</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 155,354</u>	<u>\$ 9,763</u>	<u>\$ 28,193</u>	<u>\$ 1,202,148</u>	<u>\$ 2,912</u>	<u>\$ 28,229</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015
(continued)

	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe	Senior Center Donations	Champlin Fund Weaver	Crescent Park Carousel	Forbes St Solar Project
ASSETS							
Cash and cash equivalents	\$ -	\$ 280,039	\$ 178,433	\$ -	\$ 26,879	\$ 39,102	\$ 710,033
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	71,365	118,352	-	18,195	-	37,899	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 71,365</u>	<u>\$ 398,391</u>	<u>\$ 178,433</u>	<u>\$ 18,195</u>	<u>\$ 26,879</u>	<u>\$ 77,001</u>	<u>\$ 710,033</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ 253	\$ 230	\$ -	\$ 1,543	\$ -	\$ 4,682	\$ -
Internal balances	-	-	-	-	25,930	-	29,928
Deferred revenue	-	-	-	-	-	-	680,105
Other liabilities	-	-	178,433	-	-	-	-
Total liabilities	<u>253</u>	<u>230</u>	<u>178,433</u>	<u>1,543</u>	<u>25,930</u>	<u>4,682</u>	<u>710,033</u>
Fund balances (deficits)							
Fund balances - restricted	71,112	398,161	-	16,652	949	72,319	-
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>71,112</u>	<u>398,161</u>	<u>-</u>	<u>16,652</u>	<u>949</u>	<u>72,319</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 71,365</u>	<u>\$ 398,391</u>	<u>\$ 178,433</u>	<u>\$ 18,195</u>	<u>\$ 26,879</u>	<u>\$ 77,001</u>	<u>\$ 710,033</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015
(continued)

	Library Donation Fund	Friends of Ancient Little Neck Cemetery	Fire Decon Grant	Early Retiree Reinsurance Program	Beautification Committee	Sabin Point Floating Dock	RIHPHC
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 201,438	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	4,815	-
Internal balances	130,635	713	-	-	1,115	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 130,635</u>	<u>\$ 713</u>	<u>\$ -</u>	<u>\$ 201,438</u>	<u>\$ 1,115</u>	<u>\$ 4,815</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	13,301	-	-	4,644	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>13,301</u>	<u>-</u>	<u>-</u>	<u>4,644</u>	<u>-</u>
Fund balances (deficits)							
Fund balances - restricted	130,635	713	-	201,438	1,115	171	-
Fund balances - unassigned	-	-	(13,301)	-	-	-	-
Total fund balances (deficits)	<u>130,635</u>	<u>713</u>	<u>(13,301)</u>	<u>201,438</u>	<u>1,115</u>	<u>171</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 130,635</u>	<u>\$ 713</u>	<u>\$ -</u>	<u>\$ 201,438</u>	<u>\$ 1,115</u>	<u>\$ 4,815</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2015
(continued)

	DEM Silver Spring Playground	Polling Place Renovation	Harbor Master	Community Development Activities	Total Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 722,830	\$ 3,550,417
Investments	-	-	-	-	-
Accounts receivable	74,928	-	-	1,136,530	1,353,646
Internal balances	-	-	-	599,254	1,317,272
Prepaid expenditures	-	-	-	-	-
Total assets	<u>\$ 74,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,458,614</u>	<u>\$ 6,221,335</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 21,446	\$ 28,931
Internal balances	74,856	-	-	1,012,676	2,118,104
Deferred revenue	-	-	-	1,134,893	1,814,998
Other liabilities	-	-	-	-	178,433
Total liabilities	<u>74,856</u>	<u>-</u>	<u>-</u>	<u>2,169,015</u>	<u>4,140,466</u>
Fund balances (deficits)					
Fund balances - restricted	72	-	-	289,599	2,094,901
Fund balances - unassigned	-	-	-	-	(14,032)
Total fund balances (deficits)	<u>72</u>	<u>-</u>	<u>-</u>	<u>289,599</u>	<u>2,080,869</u>
Total liabilities and fund balances	<u>\$ 74,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,458,614</u>	<u>\$ 6,221,335</u>

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015

	Safe Routes to School	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security
Revenues							
Federal and state aid and grants	\$ 2,070	\$ 5,228	\$ 24,086	\$ -	\$ 428,015	\$ -	\$ 99,089
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>2,070</u>	<u>5,228</u>	<u>24,086</u>	<u>-</u>	<u>428,015</u>	<u>-</u>	<u>99,089</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	1,681	-	-	-	102,499
Public works	-	-	-	-	202,057	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	2,801	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>2,801</u>	<u>-</u>	<u>1,681</u>	<u>-</u>	<u>202,057</u>	<u>-</u>	<u>102,499</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(731)</u>	<u>5,228</u>	<u>22,405</u>	<u>-</u>	<u>225,958</u>	<u>-</u>	<u>(3,410)</u>
Fund balances (deficit) - restricted November 1, 2014	<u>-</u>	<u>(5,228)</u>	<u>(13,682)</u>	<u>10,767</u>	<u>24,448</u>	<u>253</u>	<u>3,410</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ (731)</u>	<u>\$ -</u>	<u>\$ 8,723</u>	<u>\$ 10,767</u>	<u>\$ 250,406</u>	<u>\$ 253</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015
(continued)

	Fire UASI	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	Hazmat Reimbursement
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ 43,099	\$ -	\$ 40,777	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	2,400
Total revenues	<u>-</u>	<u>-</u>	<u>43,099</u>	<u>-</u>	<u>40,777</u>	<u>-</u>	<u>2,400</u>
Expenditures							
General government	-	80	-	-	-	-	-
Public safety	-	-	58,483	-	-	42,202	-
Public works	-	-	-	109,334	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>80</u>	<u>58,483</u>	<u>109,334</u>	<u>-</u>	<u>42,202</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	(80)	(15,384)	(109,334)	40,777	(42,202)	2,400
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(80)	(15,384)	(109,334)	40,777	(42,202)	2,400
Fund balances (deficit) - restricted November 1, 2014	<u>1,040</u>	<u>563</u>	<u>35,931</u>	<u>248,676</u>	<u>(40,777)</u>	<u>42,202</u>	<u>-</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 1,040</u>	<u>\$ 483</u>	<u>\$ 20,547</u>	<u>\$ 139,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015
 (continued)

	Hunts Mill/ Tranquility Place	Project Dare	Forfeited Drug State	Forfeited Drug Federal	FDA/ DEA/ Marshalls	Bold Point Park	Substance Abuse Donations
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ 23,172	\$ 206,686	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>23,172</u>	<u>206,686</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	5,580	917,556	1,000	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	1,676	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>1,676</u>	<u>-</u>	<u>5,580</u>	<u>917,556</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,676)	-	17,592	(710,870)	(1,000)	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,676)	-	17,592	(710,870)	(1,000)	-	-
Fund balances (deficit) - restricted November 1, 2014	<u>127,901</u>	<u>9,763</u>	<u>10,601</u>	<u>993,552</u>	<u>3,912</u>	<u>28,229</u>	<u>-</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 126,225</u>	<u>\$ 9,763</u>	<u>\$ 28,193</u>	<u>\$ 282,682</u>	<u>\$ 2,912</u>	<u>\$ 28,229</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015
 (continued)

	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe	Senior Center Donations	Champlin Fund Weaver	Crescent Park Carousel	Forbes St Solar Project
Revenues							
Federal and state aid and grants	\$ 750	\$ -	\$ -	\$ 26,957	\$ -	\$ -	\$ -
Charges for services	-	6,173	-	-	-	127,961	-
Investment and interest income	-	1	-	-	-	93	-
Contributions and private grants	-	-	-	7,760	-	11,187	-
Other revenue	-	35,857	-	14,500	-	-	-
Total revenues	<u>750</u>	<u>42,031</u>	<u>-</u>	<u>49,217</u>	<u>-</u>	<u>139,241</u>	<u>-</u>
Expenditures							
General government	-	6,416	-	41,171	97,169	-	-
Public safety	21,455	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	121,080	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>21,455</u>	<u>6,416</u>	<u>-</u>	<u>41,171</u>	<u>97,169</u>	<u>121,080</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(20,705)	35,615	-	8,046	(97,169)	18,161	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(20,705)	35,615	-	8,046	(97,169)	18,161	-
Fund balances (deficit) - restricted November 1, 2014	<u>91,817</u>	<u>362,546</u>	<u>-</u>	<u>8,606</u>	<u>98,118</u>	<u>54,158</u>	<u>-</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 71,112</u>	<u>\$ 398,161</u>	<u>\$ -</u>	<u>\$ 16,652</u>	<u>\$ 949</u>	<u>\$ 72,319</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015
(continued)

	Library Donation Fund	Friends of Ancient Little Neck Cemetery	Fire Decon Grant	Early Retiree Reinsurance Program	Beautification Committee	Sabin Point Floating Dock	RIHPHC
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ 62,170	\$ -	\$ -	\$ 4,815	\$ 13,000
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	2,560	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>2,560</u>	<u>-</u>	<u>62,170</u>	<u>-</u>	<u>-</u>	<u>4,815</u>	<u>13,000</u>
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	74,886	-	-	-	-
Public works	-	-	-	-	1,385	-	-
Parks and recreation	-	-	-	-	-	-	12,200
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>74,886</u>	<u>-</u>	<u>1,385</u>	<u>-</u>	<u>12,200</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,560	-	(12,716)	-	(1,385)	4,815	800
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>2,560</u>	<u>-</u>	<u>(12,716)</u>	<u>-</u>	<u>(1,385)</u>	<u>4,815</u>	<u>800</u>
Fund balances (deficit) - restricted November 1, 2014	128,075	713	(585)	201,438	2,500	(4,644)	(800)
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 130,635</u>	<u>\$ 713</u>	<u>\$ (13,301)</u>	<u>\$ 201,438</u>	<u>\$ 1,115</u>	<u>\$ 171</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2015
(continued)

	DEM Silver Spring Playground	Polling Place Renovation	Harbor Master	Community Development Activities	Total Special Revenue Funds
Revenues					
Federal and state aid and grants	\$ 74,928	\$ 10,670	\$ 29,000	\$ 432,738	\$ 1,527,250
Charges for services	-	-	-	-	134,134
Investment and interest income	-	-	-	6,222	6,316
Contributions and private grants	-	-	-	-	21,507
Other revenue	-	-	-	339,794	392,551
Total revenues	<u>74,928</u>	<u>10,670</u>	<u>29,000</u>	<u>778,754</u>	<u>2,081,758</u>
Expenditures					
General government	-	-	-	711,695	856,531
Public safety	-	-	-	-	1,225,342
Public works	-	-	-	-	312,776
Parks and recreation	149,856	-	29,000	-	313,812
Public libraries	-	-	-	-	-
Education	-	-	-	-	2,801
Debt service	-	-	-	-	-
Total expenditures	<u>149,856</u>	<u>-</u>	<u>29,000</u>	<u>711,695</u>	<u>2,711,262</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(74,928)	10,670	-	67,059	(629,504)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(74,928)	10,670	-	67,059	(629,504)
Fund balances (deficit) - restricted November 1, 2014	<u>75,000</u>	<u>(10,670)</u>	<u>-</u>	<u>222,540</u>	<u>2,710,373</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,599</u>	<u>\$ 2,080,869</u>

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015

	IDEA Part B	Preschool Section 619	Title I	Title I 1003 (A) Year 1	Title I 1003 (A) Year 2	Title II	EPHS E2T2	Title III	Title V
ASSETS									
Cash and cash equivalents	\$ 883,293	\$ 81,466	\$ 490,250	\$ 34,383	\$ -	\$ 430,182	\$ -	\$ 23,363	\$ -
Due from federal and state governments	470,861	22,459	377,174	22,633	753	83,253	-	1,803	-
Internal balances	196,725	-	465,805	8	-	-	-	197	-
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,550,879	\$ 103,925	\$ 1,333,229	\$ 57,024	\$ 753	\$ 513,435	\$ -	\$ 25,363	\$ -
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 753	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	120,380	-	4,622	7,490	-	12,407	-	280	-
Internal balances	1,430,440	103,925	1,328,557	49,534	-	500,988	-	24,933	-
Total liabilities	1,550,820	103,925	1,333,179	57,024	753	513,395	-	25,213	-
Fund balances									
Fund balances - restricted	59	-	50	-	-	40	-	150	-
Fund balances - unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	59	-	50	-	-	40	-	150	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,550,879	\$ 103,925	\$ 1,333,229	\$ 57,024	\$ 753	\$ 513,435	\$ -	\$ 25,363	\$ -

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015
(continued)

	Perkins	Vocational Education Reserves	Vocational Training for Adults	Fresh Fruits & Vegetables	RTTT Standards & Curriculum	RTTT Instructional Improvement Systems	RTTT Educator Effectiveness	RTTT IIS Set Aside	RTTT Educator Effectiveness Set Aside
ASSETS									
Cash and cash equivalents	\$ 133,086	\$ 26,454	\$ 53,771	\$ 9,755	\$ -	\$ 38,955	\$ 9,227	\$ 5,190	\$ 15,251
Due from federal and state governments	18,837	11,194	-	18,883	-	-	-	-	-
Internal balances	1,828	-	739	-	4,350	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 153,751</u>	<u>\$ 37,648</u>	<u>\$ 54,510</u>	<u>\$ 28,638</u>	<u>\$ 4,350</u>	<u>\$ 38,955</u>	<u>\$ 9,227</u>	<u>\$ 5,190</u>	<u>\$ 15,251</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 2,023	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	940	190	-	27,417	-	-	-	-	-
Internal balances	149,053	37,458	36,531	1,518	2,327	38,955	9,227	5,190	15,251
Total liabilities	<u>149,993</u>	<u>37,648</u>	<u>36,531</u>	<u>28,935</u>	<u>4,350</u>	<u>38,955</u>	<u>9,227</u>	<u>5,190</u>	<u>15,251</u>
Fund balances									
Fund balances - restricted	3,758	-	17,979	-	-	-	-	-	-
Fund balances - unassigned	-	-	-	(297)	-	-	-	-	-
Total fund balances	<u>3,758</u>	<u>-</u>	<u>17,979</u>	<u>(297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 153,751</u>	<u>\$ 37,648</u>	<u>\$ 54,510</u>	<u>\$ 28,638</u>	<u>\$ 4,350</u>	<u>\$ 38,955</u>	<u>\$ 9,227</u>	<u>\$ 5,190</u>	<u>\$ 15,251</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015

	RTTT HCD Set Aside	Enhanced Assessment Instruments	Teaching American History	EPHS Gym	Legislative Middle School Sports	Literacy for All	Legislative Technology Martin	Legislative Technology Silver Spring	Legislative Technology Francis
ASSETS									
Cash and cash equivalents	\$ 1,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	1,775	-	-	-	-	-	-	-
Internal balances	-	-	-	1,500	1,500	-	-	-	4,000
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,217</u>	<u>\$ 1,775</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -	\$ 4,000
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Internal balances	1,217	1,775	-	-	-	-	-	-	-
Total liabilities	<u>1,217</u>	<u>1,775</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Fund balances									
Fund balances - restricted	-	-	-	-	-	-	-	-	-
Fund balances - unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,217</u>	<u>\$ 1,775</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>

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SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015
(continued)

	Legislative Technology Hennessey	Legislative Technology Orlo	Legislative Technology Oldham	RI State Council on the Arts	Career Tech. Center Ind. Cont.	Common Core State Standards	CTE Categorical Fund Year 1	CTE Categorical Fund Year 2	CTE Categorical IT Program Year 1
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 465	\$ -	\$ 2,345	\$ -	\$ 40,807	\$ -
Due from federal and state governments	-	-	-	-	-	-	-	-	-
Internal balances	-	-	2,000	-	125,494	-	300,849	-	-
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 465</u>	<u>\$ 125,494</u>	<u>\$ 2,345</u>	<u>\$ 300,849</u>	<u>\$ 40,807</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ 2,000	\$ -	\$ 121,035	\$ -	\$ 8,272	\$ -	\$ 50,000
Accounts payable and accrued expenses	-	-	-	-	4,459	-	12,899	10,083	-
Internal balances	-	-	-	-	-	2,345	54,977	30,724	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>125,494</u>	<u>2,345</u>	<u>76,148</u>	<u>40,807</u>	<u>50,000</u>
Fund balances									
Fund balances - restricted	-	-	-	465	-	-	224,701	-	-
Fund balances - unassigned	-	-	-	-	-	-	-	-	(50,000)
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>465</u>	<u>-</u>	<u>-</u>	<u>224,701</u>	<u>-</u>	<u>(50,000)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 465</u>	<u>\$ 125,494</u>	<u>\$ 2,345</u>	<u>\$ 300,849</u>	<u>\$ 40,807</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015
(continued)

	CTE Categorical IT Program Year 2	PSF Hennessey	Champlin	Champlin Music/Media Lab	Feinstein	Feinstein Hennessey	United Way	AMICA Companies Foundation	RI Hospitality Education Foundation
ASSETS									
Cash and cash equivalents	\$ -	\$ 4,055	\$ -	\$ 7,108	\$ 14,717	\$ 32,098	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-	-	-	-
Internal balances	-	-	-	-	-	55,029	5,000	-	2,978
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ -</u>	<u>\$ 7,108</u>	<u>\$ 14,717</u>	<u>\$ 87,127</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 2,978</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,373	\$ -	\$ 2,978
Accounts payable and accrued expenses	-	1,365	-	-	-	943	-	-	-
Internal balances	-	2,581	-	-	-	13,177	891	-	-
Total liabilities	<u>-</u>	<u>3,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,120</u>	<u>3,264</u>	<u>-</u>	<u>2,978</u>
Fund balances									
Fund balances - restricted	-	109	-	7,108	14,717	73,007	1,736	-	-
Fund balances - unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>109</u>	<u>-</u>	<u>7,108</u>	<u>14,717</u>	<u>73,007</u>	<u>1,736</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 4,055</u>	<u>\$ -</u>	<u>\$ 7,108</u>	<u>\$ 14,717</u>	<u>\$ 87,127</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 2,978</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015
(continued)

	Walmart	Verizon	Sabin Management Corporation	Aspen Aerogels	Donations & Gifts	RI Historical	EPHS Arts	RI Parent Information Network	RI State Improvement Waddington
ASSETS									
Cash and cash equivalents	\$ 18	\$ 11,830	\$ -	\$ 1,000	\$ 5,540	\$ -	\$ -	\$ 1,181	\$ -
Due from federal and state governments	-	-	-	-	-	-	-	-	-
Internal balances	-	-	1,000	-	1,266	-	-	-	3,063
Other receivables	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 18</u>	<u>\$ 11,830</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181</u>	<u>\$ 3,063</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Internal balances	-	1,550	-	-	725	-	-	-	-
Total liabilities	<u>-</u>	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,063</u>
Fund balances									
Fund balances - restricted	18	10,280	1,000	1,000	6,081	-	-	1,181	-
Fund balances - unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>18</u>	<u>10,280</u>	<u>1,000</u>	<u>1,000</u>	<u>6,081</u>	<u>-</u>	<u>-</u>	<u>1,181</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18</u>	<u>\$ 11,830</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181</u>	<u>\$ 3,063</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2015
(continued)

	National Geographic	RITIE	Sports Middle School	High School Band	Housing Aid Capital	Wireless Classroom Initiative	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,357,007
Due from federal and state governments	-	-	-	-	-	371,155	1,400,780
Internal balances	-	-	967	6,396	-	-	1,180,694
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 967</u>	<u>\$ 6,396</u>	<u>\$ -</u>	<u>\$ 371,155</u>	<u>\$ 4,938,481</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ 921	\$ -	\$ 371,155	\$ 571,573
Accounts payable and accrued expenses	-	-	-	-	-	-	203,475
Internal balances	-	-	-	-	-	-	3,843,849
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>921</u>	<u>-</u>	<u>371,155</u>	<u>4,618,897</u>
Fund balances							
Fund balances - restricted	-	-	967	5,475	-	-	369,881
Fund balances - unassigned	-	-	-	-	-	-	(50,297)
Total fund balances	<u>-</u>	<u>-</u>	<u>967</u>	<u>5,475</u>	<u>-</u>	<u>-</u>	<u>319,584</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 967</u>	<u>\$ 6,396</u>	<u>\$ -</u>	<u>\$ 371,155</u>	<u>\$ 4,938,481</u>

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015

	IDEA Part B	Preschool Section 619	Title I	Title I 1003 (A) Year 1	Title I 1003 (A) Year 2	Title II	EPHS E2T2	Title III	Title V
Revenues									
Intergovernmental revenues	\$ 1,431,783	\$ 59,234	\$ 1,193,823	\$ 72,241	\$ 753	\$ 275,074	\$ -	\$ 27,707	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,431,783</u>	<u>59,234</u>	<u>1,193,823</u>	<u>72,241</u>	<u>753</u>	<u>275,074</u>	<u>-</u>	<u>27,707</u>	<u>-</u>
Expenditures									
Education	1,431,724	59,234	1,193,773	72,241	753	275,034	2,535	27,557	754
Total expenditures	<u>1,431,724</u>	<u>59,234</u>	<u>1,193,773</u>	<u>72,241</u>	<u>753</u>	<u>275,034</u>	<u>2,535</u>	<u>27,557</u>	<u>754</u>
Excess revenues over (under) expenditures	59	-	50	-	-	40	(2,535)	150	(754)
Fund balances (deficit) - restricted November 1, 2014	-	-	-	-	-	-	2,535	-	754
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	Perkins	Vocational Education Reserves	Vocational Training for Adults	Fresh Fruits & Vegetables	RTTT Standards & Curriculum	RTTT Instructional Improvement Systems	Career & RTTT Educator Effectiveness	RTTT IIS Set Aside	RTTT Educator Effectiveness Set Aside
Revenues									
Intergovernmental revenues	\$ 195,134	\$ 59,518	\$ -	\$ 93,700	\$ -	\$ 50,082	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>195,134</u>	<u>59,518</u>	<u>-</u>	<u>93,700</u>	<u>-</u>	<u>50,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Education	200,798	49,663	162	93,997	-	50,082	-	-	-
Total expenditures	<u>200,798</u>	<u>49,663</u>	<u>162</u>	<u>93,997</u>	<u>-</u>	<u>50,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	(5,664)	9,855	(162)	(297)	-	-	-	-	-
Fund balances (deficit) - restricted November 1, 2014	9,422	(9,855)	18,141	-	-	-	-	-	-
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 3,758</u>	<u>\$ -</u>	<u>\$ 17,979</u>	<u>\$ (297)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	RTTT HCD Set Aside	Enhanced Assessment Instruments	Teaching American History	EPHS Gym	Legislative Middle School Sports	Literacy for All	Legislative Technology Martin	Legislative Technology Silver Spring	Legislative Technology Francis
Revenues									
Intergovernmental revenues	\$ -	\$ 1,775	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ 500	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,775</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
Expenditures									
Education	-	1,775	50	1,500	1,500	1,113	1,801	500	54
Total expenditures	<u>-</u>	<u>1,775</u>	<u>50</u>	<u>1,500</u>	<u>1,500</u>	<u>1,113</u>	<u>1,801</u>	<u>500</u>	<u>54</u>
Excess revenues over (under) expenditures	-	-	(50)	-	-	(1,113)	(1,801)	-	(54)
Fund balances (deficit) - restricted November 1, 2014	-	-	50	-	-	1,113	1,801	-	54
Fund balances (deficit) - restricted October 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	Legislative Technology Hennessey	Legislative Technology Orlo	Legislative Technology Oldbam	RI State Council on the Arts	Career Tech. Center Ind. Cont.	Common Core State Standards	CTE Categorical Fund Year 1	CTE Categorical Fund Year 2	CTE Categorical IT Program Year 1
Revenues									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 2,009	\$ 246,747	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>2,009</u>	<u>246,747</u>	<u>-</u>	<u>-</u>
Expenditures									
Education	<u>1</u>	<u>293</u>	<u>410</u>	<u>455</u>	<u>6,274</u>	<u>2,009</u>	<u>22,046</u>	<u>139,036</u>	<u>4,243</u>
Total expenditures	<u>1</u>	<u>293</u>	<u>410</u>	<u>455</u>	<u>6,274</u>	<u>2,009</u>	<u>22,046</u>	<u>139,036</u>	<u>4,243</u>
Excess revenues over (under) expenditures	(1)	(293)	(410)	(55)	(6,274)	-	224,701	(139,036)	(4,243)
Fund balances (deficit) - restricted November 1, 2014	<u>1</u>	<u>293</u>	<u>410</u>	<u>520</u>	<u>6,274</u>	<u>-</u>	<u>-</u>	<u>139,036</u>	<u>(45,757)</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,701</u>	<u>\$ -</u>	<u>\$ (50,000)</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	CTE Categorical IT Program Year 2	PSF Hennessey	Champliu	Champlin Music/Media Lab	Feinstein	Feinstein Hennessey	United Way	AMICA Companies Foundation	RI Hospitality Education Foundation
Revenues									
Intergovernmental revenues	\$ -	\$ 9,841	\$ -	\$ -	\$ -	\$ 96,797	\$ -	\$ -	\$ 2,978
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>9,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,797</u>	<u>-</u>	<u>-</u>	<u>2,978</u>
Expenditures									
Education	25,000	9,282	165	9,520	-	43,406	3,610	400	2,978
Total expenditures	<u>25,000</u>	<u>9,282</u>	<u>165</u>	<u>9,520</u>	<u>-</u>	<u>43,406</u>	<u>3,610</u>	<u>400</u>	<u>2,978</u>
Excess revenues over (under) expenditures	(25,000)	559	(165)	(9,520)	-	53,391	(3,610)	(400)	-
Fund balances (deficit) - restricted November 1, 2014	25,000	(450)	165	16,628	14,717	19,616	5,346	400	-
Fund balances (deficit) - restricted October 31, 2015	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 7,108</u>	<u>\$ 14,717</u>	<u>\$ 73,007</u>	<u>\$ 1,736</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	<u>Walmart</u>	<u>Verizon</u>	<u>Sahin Management Corporation</u>	<u>Aspen Aerogels</u>	<u>Donations & Gifts</u>	<u>RI Historical</u>	<u>EPHS Arts</u>	<u>RI Parent Information Network</u>	<u>RI State Improvement Waddington</u>
Revenues									
Intergovernmental revenues	\$ 750	\$ 20,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-	-
Total revenues	<u>750</u>	<u>20,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures									
Education	732	9,720	-	-	-	294	2,300	-	-
Total expenditures	<u>732</u>	<u>9,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294</u>	<u>2,300</u>	<u>-</u>	<u>-</u>
Excess revenues over (under) expenditures	18	10,280	-	1,000	-	(294)	(2,300)	-	-
Fund balances (deficit) - restricted November 1, 2014	-	-	1,000	-	6,081	294	2,300	1,181	-
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 18</u>	<u>\$ 10,280</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 6,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2015
 (continued)

	National Geographic	RITIE	Sports Middle School	High School Band	Housing Aid Capital	Wireless Classroom Initiative	Total Special Revenue Funds
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 832,421	\$ 371,155	\$ 5,048,422
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>832,421</u>	<u>371,155</u>	<u>5,048,422</u>
Expenditures							
Education	68	733	4,810	921	832,421	254,125	4,841,852
Total expenditures	<u>68</u>	<u>733</u>	<u>4,810</u>	<u>921</u>	<u>832,421</u>	<u>254,125</u>	<u>4,841,852</u>
Excess revenues over (under) expenditures	(68)	(733)	(4,810)	(921)	-	117,030	206,570
Fund balances (deficit) - restricted November 1, 2014	68	733	5,777	6,396	-	(117,030)	113,014
Fund balances (deficit) - restricted October 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 967</u>	<u>\$ 5,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319,584</u>

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Capital Projects Funds
October 31, 2015

	<u>2002 Bond Miscellaneous Projects</u>	<u>2001 Bond Economic Development</u>	<u>Vintner Avenue Playground</u>	<u>2007 Public Works BAN</u>	<u>School RIHEBC Leases</u>	<u>State Road and Bridge Fund</u>	<u>Total Capital Project Funds</u>
ASSETS							
Cash and cash equivalents	\$ 520,362	\$ 913,801	\$ -	\$ 2,486,350	\$ 653,381	\$ -	\$ 4,573,894
Investments	-	-	-	-	-	-	-
Internal balances	-	-	3,007	-	-	-	3,007
Total assets	<u>\$ 520,362</u>	<u>\$ 913,801</u>	<u>\$ 3,007</u>	<u>\$ 2,486,350</u>	<u>\$ 653,381</u>	<u>\$ -</u>	<u>\$ 4,576,901</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 11,628	\$ 169,257	\$ -	\$ 180,885
Internal balances	2,416	-	-	941,575	-	-	943,991
Total liabilities	<u>2,416</u>	<u>-</u>	<u>-</u>	<u>953,203</u>	<u>169,257</u>	<u>-</u>	<u>1,124,876</u>
Fund balances - restricted	517,946	913,801	3,007	1,533,147	484,124	-	3,452,025
Total fund balances (deficit)	<u>517,946</u>	<u>913,801</u>	<u>3,007</u>	<u>1,533,147</u>	<u>484,124</u>	<u>-</u>	<u>3,452,025</u>
Total liabilities and fund balances	<u>\$ 520,362</u>	<u>\$ 913,801</u>	<u>\$ 3,007</u>	<u>\$ 2,486,350</u>	<u>\$ 653,381</u>	<u>\$ -</u>	<u>\$ 4,576,901</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Capital Project Funds
For the Fiscal Year Ended October 31, 2015

	<u>2002 Bond Miscellaneous Projects</u>	<u>2001 Bond Economic Development</u>	<u>Vintner Avenue Playground</u>	<u>2007 Public Works BAN</u>	<u>School RIHEBC Leases</u>	<u>State Road and Bridge Fund</u>	<u>Total Capital Project Funds</u>
Revenues							
Federal and state aid and grants	\$ 2,751	\$ -	\$ -	\$ -	\$ -	\$ 1,215,000	\$ 1,217,751
Investment and interest income	2	3	-	9	50	-	64
Total revenues	<u>2,753</u>	<u>3</u>	<u>-</u>	<u>9</u>	<u>50</u>	<u>1,215,000</u>	<u>1,217,815</u>
Expenditures							
Public works	2,751	-	-	870,301	-	1,215,000	2,088,052
Education	-	-	-	-	448,444	-	448,444
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>2,751</u>	<u>-</u>	<u>-</u>	<u>870,301</u>	<u>448,444</u>	<u>1,215,000</u>	<u>2,536,496</u>
Excess of revenues and other sources over (under) expenditures	2	3	-	(870,292)	(448,394)	-	(1,318,681)
Fund balances (deficit) - restricted November 1, 2014	<u>517,944</u>	<u>913,798</u>	<u>3,007</u>	<u>2,403,439</u>	<u>932,518</u>	<u>-</u>	<u>4,770,706</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 517,946</u>	<u>\$ 913,801</u>	<u>\$ 3,007</u>	<u>\$ 1,533,147</u>	<u>\$ 484,124</u>	<u>\$ -</u>	<u>\$ 3,452,025</u>

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Permanent Funds
October 31, 2015

	<u>Nancy W Miller Fund</u>	<u>George Bucklin Fund</u>	<u>Lakeside Springvale</u>	<u>Little Neck Cemetery</u>	<u>FBO Newman</u>	<u>Total Permanent Funds</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 54,399	\$ -	\$ 54,399
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Internal balances	1,620	15,111	9,994	-	14,085	40,810
Total assets	<u>\$ 1,620</u>	<u>\$ 15,111</u>	<u>\$ 9,994</u>	<u>\$ 54,399</u>	<u>\$ 14,085</u>	<u>\$ 95,209</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	\$ -	\$ -	\$ -	\$ 44,875	\$ -	\$ 44,875
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,875</u>	<u>-</u>	<u>44,875</u>
Fund balances - nonspendable	1,620	15,111	9,994	9,524	14,085	50,334
Total fund balances (deficit)	<u>1,620</u>	<u>15,111</u>	<u>9,994</u>	<u>9,524</u>	<u>14,085</u>	<u>50,334</u>
Total liabilities and fund balances	<u>\$ 1,620</u>	<u>\$ 15,111</u>	<u>\$ 9,994</u>	<u>\$ 54,399</u>	<u>\$ 14,085</u>	<u>\$ 95,209</u>

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Permanent Funds
For the Fiscal Year Ended October 31, 2015

	<u>Nancy W Miller Fund</u>	<u>George Bucklin Fund</u>	<u>Lakeside Springvale</u>	<u>Little Neck Cemetery</u>	<u>FBO Newman</u>	<u>Total Permanent Funds</u>
Revenues						
Investment and interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	5,505	-	5,505
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,505</u>	<u>-</u>	<u>5,505</u>
Expenditures						
General government	-	-	-	6,700	-	6,700
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>6,700</u>
Excess (deficiency) of revenues over (under)						
expenditures before other financing sources	-	-	-	(1,195)	-	(1,195)
Fund balances (deficit) - restricted November 1, 2014	<u>1,620</u>	<u>15,111</u>	<u>9,994</u>	<u>10,719</u>	<u>14,085</u>	<u>51,529</u>
Fund balances (deficit) - restricted October 31, 2015	<u>\$ 1,620</u>	<u>\$ 15,111</u>	<u>\$ 9,994</u>	<u>\$ 9,524</u>	<u>\$ 14,085</u>	<u>\$ 50,334</u>

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Net Position
Agency Funds
For the Fiscal Year Ending October 31, 2015

	<u>Escrow Pending Forfeiture</u>	<u>Waterfront Commission</u>	<u>Contractor's Escrow Account</u>	<u>Dolly Searle Scholarship Account</u>	<u>Student Activities Fund</u>	<u>Total Agency Funds</u>
ASSETS						
Cash and cash equivalents	\$ 14,847	\$ 793	\$ -	\$ 47,473	\$ 394,929	\$ 458,042
Investments	-	-	-	-	-	-
Internal balances	-	3,230	-	-	-	3,230
Total assets	<u>\$ 14,847</u>	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ 47,473</u>	<u>\$ 394,929</u>	<u>\$ 461,272</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	\$ 6,254	\$ -	\$ -	\$ 12,181	\$ -	\$ 18,435
Deposits held in custody for others	8,593	4,023	-	35,292	394,929	442,837
Total liabilities	<u>\$ 14,847</u>	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ 47,473</u>	<u>\$ 394,929</u>	<u>\$ 461,272</u>

**SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2015**

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance November 1, 2015	Current Year Assessment	Additions and Adjustments	Discounts, Abatements and Adjustments	Amount to be Collected	Collections	Balance October 31, 2015
2015	\$ -	\$ 103,076,285	\$ 542,057	\$ 1,208,646	\$ 102,409,696	\$ 78,130,930	\$ 24,278,766
2014	25,100,585	-	121,004	185,349	25,036,240	23,265,743	1,770,497
2013	2,273,820	-	21,091	174,583	2,120,328	1,423,277	697,051
2012	563,985	-	1,424	80,488	484,921	153,846	331,075
2011	389,903	-	115	3,623	386,395	64,126	322,269
2010	231,903	-	-	(784)	232,687	10,197	222,490
2009 & Prior Prepayments	758,151	-	10,197	136,994	631,354	18,362	612,992
	<u>\$ 29,318,347</u>	<u>\$ 103,076,285</u>	<u>\$ 695,888</u>	<u>\$ 1,788,899</u>	<u>\$ 131,301,621</u>	<u>\$ 103,066,481</u>	<u>\$ 28,235,140</u>

**SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY
VALUE BY CATEGORY**

Description of Property	Valuations	Levy
Real property residential	\$2,577,536,200	\$ 51,045,144
Real property commercial	1,075,595,100	27,320,116
Motor vehicles	339,229,540	9,938,827
Tangible personal	267,130,700	14,772,381
<i>Total</i>	4,259,491,540	103,076,468
Exemptions	431,169,722	-
<i>Net assessed value</i>	<u>\$3,828,321,818</u>	<u>\$ 103,076,468</u>
<i>Current year assessment</i>		<u>\$ 103,076,468</u>

CITY OF EAST PROVIDENCE

SINGLE AUDIT SECTION

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

The Honorable Mayor and
Members of the City Council
East Providence, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Providence (City), Rhode Island, as of and for the year ended October 31, 2015, and the related notes to the financial statements, which collectively comprise the City of East Providence, Rhode Island's basic financial statements and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as items 2015-1 through 2015-4.

Compliance and Other Matters

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

City of East Providence, Rhode Island's Response to Findings

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

Purpose of This Report

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

Parmelee Poirier Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
December 1, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of East Providence (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

As described in item **2015-5** in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding equipment that are applicable to its National School Lunch Program 10.555, School Breakfast Program 10.553, Community Development Block Grant Program 14.218, Title I Grants to Local Education Agencies 84.010, Special Education Grants to States 84.027, and Special Education Preschool Grants 84.173. Compliance with such requirements is necessary, in our opinion, of the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2015.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **2015-5** to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

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

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
December 1, 2016

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	\$ 1,922,729
School Breakfast Program	10.553	N/A	
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	93,997
Total U.S. Department of Agriculture			<u>\$ 2,016,726</u>
U.S. Department of Housing and Urban Development:			
<i>Pass-Through State of Rhode Island Division of Planning,</i>			
<i>Office of Housing and Community Development</i>			
Community Development Block Grant/State Program	14.218	B11-MC-44-0006	\$ 432,738
Total U.S. Department of Housing and Urban Development			<u>\$ 432,738</u>
U.S. Department of Justice:			
Federal Seized Assets	16.922	N/A	\$ 917,556
FDA/DEA/Marshalls	16.922	N/A	1,000
Byrne/ JAG Grant	16.738	N/A	1,681
Total U.S. Department of Justice			<u>\$ 920,237</u>
U.S. Department of Transportation:			
<i>Pass-Through State of Rhode Island Department of Transportation,</i>			
<i>Governor's Office on Highway Safety</i>			
<i>Highway planning Construction Cluster:</i>			
Safe routes to School	20.205	N/A	\$ 2,801
Total U.S. Department of Transportation			<u>\$ 2,801</u>
U.S. Department of Education:			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Special Education Cluster:</i>			
Title I Grants to Local Education Agencies	84.010	2725-11702-201	\$ 1,266,767
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	2725-13202-201	1,431,724
Special Education Preschool Grants	84.173	2725-13502-201	59,234
English Language Acquisition Grants	84.365	2725-16502-201	27,557
Improving Teacher Quality State Grants	84.367	2725-16402-201	275,034
ARRA - Race to the Top	84.395	4572-13502-110	50,082
<i>Passed through the City of East Providence Public School System</i>			
<i>State of Rhode Island</i>			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-101	200,798
Vocational Training for Adults	84.048	2725-15602-201	162
Total U.S. Department of Education			<u>\$ 3,311,358</u>
U.S. Department of Homeland Security:			
<i>Direct Program:</i>			
Fire Decon Grant	97.044	N/A	\$ 74,886
Port Security Grant Program	97.056	N/A	102,499
Station Construction	97.115	N/A	202,057
Total U.S. Department of Homeland Security			<u>\$ 379,442</u>
Total Expenditures of Federal Awards			<u>\$ 7,063,302</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? X yes no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? X yes no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? X yes no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	<i>Child Nutrition Cluster</i>
10.555	National School Lunch Program
10.553	School Breakfast Program
14.218	Community Development Block Grant
16.922	Federal Seized Assets
16.922	FDA/DEA/Marshalls
84.010	Title I Grants to Local Educational Agencies
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? yes X no

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

2015-1 Finding: All school special revenue cash is physically pooled into one bank account. The bank reconciliation for this account is performed by the City and is recorded on the City's books. This record is meant to mirror activity that takes place on the School's general ledger. Periodic reconciliations between the City and the School's books had not taken place.

Recommendation: We suggest that the City and School periodically reconcile the special revenue account on the City's books against balances on the School's books. Timely reconciliations will aid in identifying discrepancies in activity that may be recorded on one set of books but not yet accounted for on the other.

Response: The school department is implementing a new accounting system and applying for a new federal ID number. Once implemented the school will be setting up their own cash accounts which will eliminate the pooling of cash and the duplicate record keeping for city and school.

2015-2 Finding: The City and School both receive statements for leases relating to RIHEBC capital projects. This activity is not currently being recorded on the general ledger.

Recommendation: We recommend that the City and School record the activity for their respective shares of the RIHEBC leases.

Response: The City will record the RIHEBC lease activity.

2015-3 Finding: During examination of the City's payroll bank reconciliation, it was discovered that the reconciliation had not been performed consistently or in a timely fashion. Untimely reconciliations may lead to unidentifiable variances that could have a material impact on the financial statement.

Recommendation: Bank reconciliations should be performed on a monthly basis to ensure all activity is being recorded properly.

Response: The city and school payroll is pooled into one cash account. It is planned for FY 2016 to have separate payroll accounts. This along with moving the responsibility for the bank reconciliation to the finance department will address this issue.

2015-4 Finding: Although the City does have policies and procedures in place to properly maintain and account for capital assets, the City has not performed a physical inventory of these items in several years. Certain federal grants require the City to perform a physical inventory of assets purchased with federal funds.

Recommendation: It is our suggestion that the City utilize information from the recently completed fixed asset module to perform physical inventories of all city assets, with special emphasis on grant assets.

Response: The Purchasing Agent has responsibility over the recently completed fixed asset system. The duties will now include a physical inventory.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT (CONTINUED)

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-5 Finding: Equipment records must be maintained and a physical inventory of equipment must be performed at least once every 2 years and compared to the equipment records for equipment purchased with Federal grant funds that has a per unit cost of \$5,000 or more and a useful life of at least one year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last two years for equipment purchased with Federal grant funds.

Program: National School Lunch Program 10.555, School Breakfast Program 10.553, Community Development Block Grant 14.218, Title I Grants to Local Educational Agencies 84.010, Special Education Grants to States 84.027, Special Education Preschool Grants 84.173

Recommendation: We recommend that the City prepare an equipment list, perform a physical inventory of equipment purchased with Federal grant funds at least every two years and compare the inventory to the equipment records as required by Federal requirements.

Response: The Purchasing Agent has responsibility over the recently completed fixed asset system. The duties will now include a physical inventory.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS

2014-1 Finding: Although the City has adequate policies and procedures to process account payable transactions, we encountered an invoice processed without a purchase order or any approval. This invoice is related to services the school department owed to an outside provider and amounted to \$86,500. The invoice was entered into the accounts payable system, selected and prepared for payment, and payment was processed without any approval. School department officials did attest that the city owed for the services provided.

Recommendation: We suggest that all purchase orders, invoices and payments be properly reviewed and approved prior to any transactions being entered into or processed in the accounts payable/accounting records. Thereby assuring that all expenses incurred by the City or the City's School Department have actually been approved and received.

Response: This issue has since been resolved. For a short period of time, the supervision of the School Department Finance team was limited due to changes in administration. The current Deputy Finance Director reviews all invoicing.

Current Status: Resolved

2014-2 Finding: The City and the City's School Department pay their employees a longevity bonus based upon their years of service and in accordance with union contracts. During our testing of the payroll transactions, we detected three school department employees' longevity bonuses that were incorrectly calculated. The bonus amount for each employee is calculated by the payroll clerk who documents this information in the employee's payroll file on a reference card. This information is entered into the payroll system at the beginning of the school year.

Recommendation: We recognize that the City, non-school department, longevity bonus calculations were reviewed by the Finance Director. We recommend that the school department calculations be reviewed and/or recalculated by the Deputy Finance Director. In addition to reviewing the manual system, we recommend someone independent of the payroll clerk, review the data inputted into the automated payroll system to ensure accurate amounts have been entered.

Response: The Deputy Finance Director is developing procedures to ensure consistent longevity calculations. These calculations will be reviewed by the Deputy Finance Director annually.

Current Status: Resolved

2014-3 Finding: During the current year, the School Department received funds (\$202,265) via wire transfers into the City's bank account. In some cases, the School Department was not made aware of the transfers, on a timely basis. Without proper notification from the City regarding the School Department transactions and without a timely review of account reconciliations, the books and records had not recorded cash on a timely basis. The School Department needed to record revenue of \$202,265 in the special revenue funds accounts. The delay in recording a significant transaction may cause the School's financial statements to be misstated. Since management utilizes financial information to make decisions, the financial data should include all school department transactions.

Recommendation: Whenever possible, all transactions should be recorded in the month they occur, if this is not possible, then no later than the next month.

Response: The City concurs with the recommendation and will reinforce this with the staff that record transactions and prepare journal entries.

Current Status: Resolved

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS (continued):

2014-4 Finding: The City does have policies or procedures in place to identify Federal Grant expenditures. However, during our review of federal grant expenditures, we noted that some expenditures funded by federal monies were not properly identified, and were subsequently recorded as general fund expense.

Recommendation: We suggest that all grants are approved prior to application, and that the Finance Department is made aware of all grant information, such as the CFDA number, award letters, contract services and agreements in order to properly account for the grant expenditure in their respective special revenue fund.

Response: The City has hired a grant manager and has made great strides at developing and adopting policies and procedures surrounding grant management. This will continue to be an area of emphasis and fine tuning during the fiscal year 2015. The City will conduct informational meetings with Department Heads to explain the grant accounting process.

Current Status: Resolved

2014-5 Finding: The City does not have policies and procedures in place to properly maintain and account for capital assets. For example, federal grants require the City to perform a physical inventory of assets purchased with federal funds. Unfortunately, the City has not performed a physical inventory of these items in several years.

Recommendation: It is our suggestion that the City develop policies and procedures surrounding capital assets. In addition, we suggest that the City utilize information from the recently completed update to the fixed asset module to perform physical inventories of all the city assets, with special emphasis on grant assets.

Response: The City has just recently, finalized the input of all assets to an automated capital program which will be used to record all capital items moving forward. This computerized fixed asset program will provide the City with the necessary data to perform physical inventories. The City anticipates performing the inventories during the Fiscal Year 2015.

Current Status: Please see current year finding 2015-4.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-6 Finding: Equipment records must be maintained and a physical inventory of equipment must be performed at least once every 2 years and compared to the equipment records for equipment purchased with Federal grant funds that has a per unit cost of \$5,000 or more and a useful life of at least one year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last two years for equipment purchased with Federal grant funds.

Program: Community Development Block Grant 14.218, Federal Seized Assets 16.922, National School Lunch Program 10.555, School Breakfast Program 10.553

Recommendation: We recommend that the City prepare an equipment list, perform a physical inventory of equipment purchased with Federal grant funds at least every two years and compare the inventory to the equipment records as required by Federal requirements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2015

Response: With all assets entered into the accounting system fixed asset module, the City will be able to focus on accounting for fixed assets in a timely manner. The fixed asset module will be able to produce an equipment list which will be used for the physical inventory.

Current Status: Please see current year finding 2015-5.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued):

2014-7 Finding: The program requested to purchase certain equipment by completing an approved purchase order of \$5,290. There is no evidence of the equipment being received or invoiced. However, the approved P.O. was additionally signed by the program manager with a note instructing the accounts payable clerk to proceed with payment. The payment was processed.

Program: Federal Seized Assets 16.922

Recommendation: We recommend that the accounts payable department follow policy & procedure by disbursing payments only for items which are properly invoiced and provide evidence of receipt.

Response: Policies and procedures will be reviewed with the accounts payable department. Staff will be reminded that no amount should be paid without proper documentation.

Current Status: Resolved

2014-8 Finding: The School Department Lunch Program is reimbursed monthly via a wire transfer into the City's bank account. Although the cash was recorded on the City's side on a timely basis, it was not recorded by the School Department for several months. The School Department cash reconciliations, if prepared timely, would have detected this discrepancy. In addition, the review of outstanding receivables should have resulted in an inquiry of the significant aging of this particular vendor.

Program: National School Lunch Program 10.555, School Breakfast Program 10.553

Recommendation: We recommend that the school lunch bank account be reconciled monthly and outstanding receivables be reviewed periodically to assure that all activity is accounted for.

Response: The School Department concurs with this comment and has already established a monthly reconciliation process.

Current Status: Resolved

CITY OF EAST PROVIDENCE
Notes to Schedule of Expenditures of Federal Awards
October 31, 2015

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of East Providence, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of East Providence. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended October 31, 2015, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs.
4. **Non-Cash Assistance** - U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$71,430 represents the market value of such commodities used during the period.