

CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended
October 31, 2010

CITY OF EAST PROVIDENCE, RHODE ISLAND

**ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended October 31, 2010**

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CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICIALS

CITY COUNCIL

Bruce Rogers, Mayor

William J. Conley, Jr.

Michael D. DiGioia

Katie J. Kleyla

Thomas A. Rose, Jr.

CITY OFFICIALS

Interim City Manager – Orlando Andreoni

Finance Director - vacant

City Solicitor – Orlando Andreoni

Personnel Director – Mary Scanlon

City Clerk – Kim Casci

Chief of Police – Joseph Tavares

Fire Chief – Joseph Klucznik

Public Works Director - Stephen Coutu

Planning Director - Jeanne M. Boyle

Library Director - Eileen Socha

Acting Recreation Director – Alba Curti

Canvassing Clerk – Leslie Shattuck-Moore

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

Independent Auditors' Report

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of and for the year ended October 31, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of East Providence, Rhode Island's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of October 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2011 on our consideration of the City of East Providence, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and supplementary pension and other post employment benefit information on pages 3 through 12 and 59 through 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Providence, Rhode Island's basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baer & Company, LLC

Warwick, Rhode Island
May 13, 2011

CITY OF EAST PROVIDENCE 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, 2010.

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 2009 and 2010 fiscal years.

FINANCIAL HIGHLIGHTS

The City Charter requires that any unreserved fund balance, i.e., surplus, be carried forward to the next fiscal year as a revenue source. The surplus from the fiscal year 2010 was projected to be \$2,800,000. The City's total General Fund fund balance as of October 31, 2010 was \$4,529,171.

The School Department reported a surplus of \$12,977 which included receiving an additional \$587,603 of meals tax revenue designated by the City Council, bringing their accumulated deficit to \$6,316,787. As a result of the School Department's cumulative deficit, all of the City's fund balance is reported as reserved for the School Unrestricted Fund deficit. The net deficit position of the City will need to be addressed as part of the fiscal year 2012 budget. This jeopardizes the financial stability of the entire City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's annual audit report. 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 relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor 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**

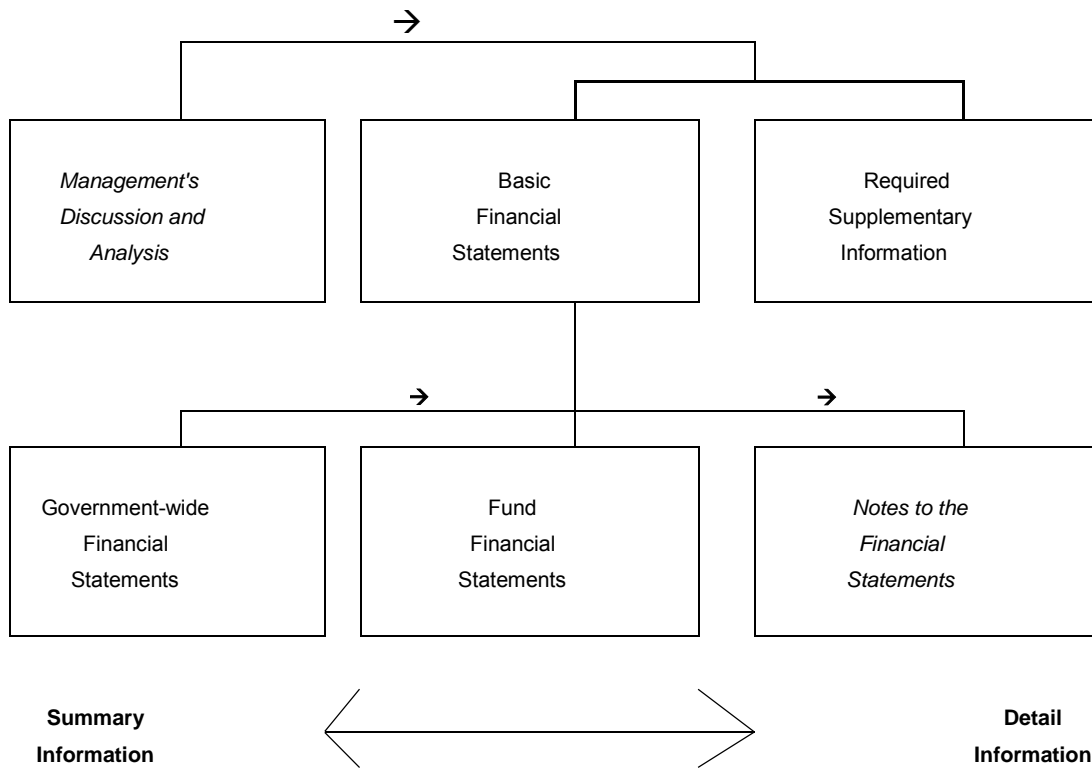


Figure A- 2

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 Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets. Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
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 assets 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 assets* and how they have changed. Net assets — 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 assets 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 nonfinancial 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 18 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 wastewater operations.

The basic proprietary fund financial statements can be found on pages 19 through 22 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 23 and 24 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 Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$45,938,156 at the close of the most recent fiscal year.

The largest portion of the City's net assets (146%) 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 Assets (\$000's)

	October 31, 2010			October 31, 2009		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Current Assets	\$53,911	\$ 23,031	\$76,942	\$45,091	\$15,016	\$60,107
Capital Assets	59,514	38,410	97,924	60,784	31,069	91,853
Other Assets	3,699	312	4,011	1,750	100	1,850
Total Assets	117,124	61,753	178,877	107,625	46,185	153,810
Current Liabilities	23,533	7,411	30,944	25,522	2,772	28,294
Long-Term	79,116	22,879	101,995	65,156	13,402	78,558
Total Liabilities	102,649	30,290	132,939	90,678	16,174	106,852
Net Assets:						
Invested in Capital						
Net of Related	39,100	28,033	67,133	36,948	27,006	63,954
Restricted	3,700	2,273	5,973	3,414	1,120	4,534
Unrestricted	(28,325)	1,157	(27,168)	(23,415)	1,885	(21,530)
Total Net Assets	\$14,475	\$31,463	\$45,938	\$16,947	\$30,011	\$46,958

An additional portion of the City's net assets (13.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net assets (59.1%) 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 assets.

Changes in Net Assets

The government's net assets decreased by \$1,019,743 in the current fiscal year.

City of East Providence Changes in Net Assets

	For Fiscal Year Ended October 31, 2010			For Fiscal Year Ended October 31, 2009		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 7,284,446	\$13,408,016	\$20,692,462	\$6,961,869	\$12,824,058	\$19,785,927
Operating Grants & Contributions	38,874,757		38,874,757	39,099,631		39,099,631
Capital Grants & Contributions	1,016,390	2,521,456	3,537,846	760,624		760,624
General Revenues						
Property Taxes	86,366,008		86,366,008	83,506,473		83,506,473
State Aid & Grants	7,188,198		7,188,198	8,618,316		8,618,316
Other Revenues	59,904	781,358	841,262	87,680	2,214	89,894
Total Revenues	<u>140,789,703</u>	<u>16,710,830</u>	<u>157,500,533</u>	<u>139,034,593</u>	<u>12,826,272</u>	<u>151,860,865</u>
Expenses						
General Government	11,027,701		11,027,701	10,696,674		10,696,674
Public Safety	32,491,451		32,491,451	32,898,532		32,898,532
Public Works	7,376,896		7,376,896	7,734,480		7,734,480
Public Library	2,457,377		2,457,377	2,524,777		2,524,777
Parks & Recreation	3,228,241		3,228,241	3,175,391		3,175,391
Sanitation	2,775,291		2,775,291	2,920,746		2,920,746
Public Health	353,205		353,205	421,189		421,189
Interest on long-term debt	1,558,264		1,558,264	1,767,453		1,767,453
Education	81,993,622		81,993,622	81,264,480		81,264,480
Water		6,170,857	6,170,857		5,644,801	5,644,801
WPC		9,087,371	9,087,371		7,331,632	7,331,632
Total Expenses	<u>143,262,048</u>	<u>15,258,228</u>	<u>158,520,276</u>	<u>143,403,722</u>	<u>12,976,433</u>	<u>156,380,155</u>
Change in Net Assets	(2,472,345)	1,452,602	(1,019,743)	(4,369,129)	(150,161)	(4,519,290)
Net Assets - beginning restated	<u>16,947,218</u>	<u>30,010,681</u>	<u>46,957,899</u>	<u>21,316,347</u>	<u>30,160,842</u>	<u>51,477,189</u>
Net Assets — ending	<u>\$14,474,873</u>	<u>\$31,463,283</u>	<u>\$45,938,156</u>	<u>\$16,947,218</u>	<u>\$30,010,681</u>	<u>\$46,957,899</u>

Governmental activities — Governmental activities decreased the City's net assets by \$2,472,345.

Business-type activities - Business-type activities increased the City's net assets by \$1,452,602.

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, *unreserved 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 \$10,790,781 an increase of \$9,476,387 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 \$4,529,171 which is reserved and it is not available for new spending because it has already been committed.

The fund balance in the City's general fund increased by \$1,322,233 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 assets of the water fund at the end of the year amounted to \$4,025,374. In the wastewater fund, unrestricted net assets amounted to (\$2,868,321), a decrease of (\$988,767). The accumulated deficit in wastewater was caused by a number of years of under funding. Effective November 2010, the City Council took action that resulted in significantly higher rates being charged. The goal is to eliminate this deficit within four (4) years. Major non-budgeted repairs in two recent years have delayed this elimination.

General Fund Budgetary Highlights

The budget passed in October 2009. Revenue exceeded budget estimates substantially. No Department expenditures were materially over budget with the exception of the School Department.

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, 2010 amounted to \$97,923,597 (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)

	October 31, 2010			October 31, 2009		
	Governmental	Business Type	Total	Governmental	Business Type	
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land & land	7,452,974	3,536,549	10,989,523	7,452,974	3,536,549	10,989,523
Buildings & improvement	60,370,106	19,196,796	79,566,902	59,616,439	19,196,796	78,813,235
Infrastructure	44,036,731	43,015,924	87,052,655	43,575,433	42,963,679	86,539,112
Vehicles	13,424,836	1,098,347	14,523,183	13,269,779	1,566,410	14,836,189
Machinery & Equipment	10,315,654	5,884,070	16,199,724	9,694,067	5,827,902	15,521,969
Construction in Progress	583,379	8,568,578	9,151,957	790,589	-0-	790,589
Subtotal	136,183,680	81,300,264	217,483,944	134,399,281	73,091,336	207,490,617
Less: Accumulated Depreciation	(76,669,621)	(42,890,726)	(119,560,347)	(73,615,149)	(42,022,315)	(115,637,464)
Total	\$59,514,059	\$38,409,538	\$ 97,923,597	\$60,784,132	\$31,069,021	\$91,853,153

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 \$24,665,000. 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
General Obligation and Capital Leases

	October 31, 2010			October 31, 2009		
	Governmental	Business Type	Total	Governmental	Business Type	Total
	Activities	Activities		Activities	Activities	
General Obligation Bonds	22,421,800	2,243,200	24,665,000	19,688,300	2,441,700	22,130,000
Capital leases	7,005,669	-0-	7,005,669	3,969,148	-0-	3,969,148
Loans Payable	2,815,000	21,351,441	24,166,441	3,020,000	9,480,525	12,500,525
Total	32,242,469	23,594,641	55,837,110	26,677,448	11,922,225	

The City retired bond debt of \$2,465,000 during the current fiscal year. The City has an A1 (Negative outlook) rating from Moody's Investors Service and BBB+ (Negative outlook) from Standard & Poors.

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$118,339,262.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of East Providence is 11.9 percent. This compares favorably to the State's average unemployment rate of 11.5 percent and the national average of 9.2 percent. Per capita and median family income remains some of the highest in the State and favorable nationally.

	Per Capita	Median Family
East Providence	\$19,527	\$48,463
Rhode Island	\$21,688	\$52,781
United States	\$21,587	\$50,046

The following factors were considered in preparing the City's budget for the 2010-11 fiscal year:

- The general fund will decrease spending by \$312,591 or 0.01%
- The school operating costs will decrease by \$967,198 or 1.3%

The City's tax rate will increase from \$19.41 to \$20.04 (3.5%) for fiscal year ended October 2011. The water rates increased to \$2.85 hcf effective November 1, 2008 and the waste water rates increased to \$4.46 hcf effective November 1, 2009. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country. The general economic downturn has affected the ability to raise revenue and control expenses in these poor economic times. In addition, the decisions relative to how the School Department's accumulative deficit is addressed will be a determining factor in the economic stability.

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

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- Governmental Funds**
- Proprietary Funds**
- Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Assets

October 31, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,217,866	\$ 2,120,855	\$ 7,338,721
Restricted cash and cash equivalents	-	1,581,920	1,581,920
Investments	20,182,311	-	20,182,311
Accrued interest receivable	501,668	-	501,668
Real estate and personal property tax receivable (net)	18,936,914	-	18,936,914
Water and sewer use receivable	-	4,282,640	4,282,640
Due from federal and state government	2,592,368	16,224,953	18,817,321
Internal balances	1,521,582	(1,521,582)	-
Prepaid expenses	155,620	-	155,620
Inventories	68,113	260,862	328,975
Other receivables	4,734,154	81,438	4,815,592
Total current assets	<u>53,910,596</u>	<u>23,031,086</u>	<u>76,941,682</u>
Noncurrent assets:			
Capital assets: (Note 2)			
Land	4,076,963	3,328,334	7,405,297
Depreciable buildings, property, equipment, infrastructure (net)	54,853,717	26,512,626	81,366,343
Construction in progress	583,379	8,568,578	9,151,957
Total capital assets, net	<u>59,514,059</u>	<u>38,409,538</u>	<u>97,923,597</u>
Net other post employment benefit asset	3,194,375	-	3,194,375
Other assets	504,731	312,138	816,869
Total noncurrent assets	<u>63,213,165</u>	<u>38,721,676</u>	<u>101,934,841</u>
Total assets	<u>117,123,761</u>	<u>61,752,762</u>	<u>178,876,523</u>
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	15,760,259	5,288,849	21,049,108
Accrued interest payable	502,128	135,600	637,728
Revenue anticipation note payable	-	600,000	600,000
Unearned revenues	4,286,066	475,904	4,761,970
Long-term debt - due within one year (Note 6)	2,984,342	910,191	3,894,533
Total current liabilities	<u>23,532,795</u>	<u>7,410,544</u>	<u>30,943,339</u>
Noncurrent Liabilities:			
Long-term debt - due in more than one year (Note 6)	29,343,170	22,684,450	52,027,620
Compensated absences payable	4,239,916	194,485	4,434,401
Net other post employment benefit obligation	4,811,626	-	4,811,626
Net pension obligation	40,721,381	-	40,721,381
Total noncurrent liabilities	<u>79,116,093</u>	<u>22,878,935</u>	<u>101,995,028</u>
Total liabilities	<u>102,648,888</u>	<u>30,289,479</u>	<u>132,938,367</u>
Net Assets:			
Invested in capital assets, net of related debt	39,099,598	28,033,481	67,133,079
Restricted for:			
Capital projects	49,711	-	49,711
Specific projects and programs	3,544,299	-	3,544,299
Permanent funds	105,908	-	105,908
Improvements	-	690,829	690,829
Debt service payments	-	1,581,920	1,581,920
Unrestricted	<u>(28,324,643)</u>	<u>1,157,053</u>	<u>(27,167,590)</u>
Total net assets	<u>\$ 14,474,873</u>	<u>\$ 31,463,283</u>	<u>\$ 45,938,156</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended October 31, 2010

<i>Functions/Programs</i>	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Changes in Net Assets</i>		
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Governmental Activities:							
General government	\$ 11,027,701	\$ 1,318,318	\$ 861,322	\$ -	\$ (8,848,061)	\$ -	\$ (8,848,061)
Public safety	32,491,451	2,291,963	992,084	734,497	(28,472,907)	-	(28,472,907)
Public works	7,376,896	14,719	213,442	251,448	(6,897,287)	-	(6,897,287)
Parks and recreation	3,228,241	182,179	44,554	16,403	(2,985,105)	-	(2,985,105)
Public health and welfare	353,205	30,331	247,653	-	(75,221)	-	(75,221)
Sanitation	2,775,291	63,766	-	-	(2,711,525)	-	(2,711,525)
Public libraries	2,457,377	39,156	632,870	-	(1,785,351)	-	(1,785,351)
Education	81,993,622	3,344,014	34,837,875	14,042	(43,797,691)	-	(43,797,691)
Interest on long-term debt	1,558,264	-	1,044,957	-	(513,307)	-	(513,307)
Total governmental activities	143,262,048	7,284,446	38,874,757	1,016,390	(96,086,455)	-	(96,086,455)
Business-Type Activities:							
Water	6,170,857	5,950,610	-	1,391,731	-	1,171,484	1,171,484
Water pollution control	9,087,371	7,457,406	-	1,129,725	-	(500,240)	(500,240)
Total business-type activities	15,258,228	13,408,016	-	2,521,456	-	671,244	671,244
Total	\$ 158,520,276	\$20,692,462	\$38,874,757	\$ 3,537,846	(96,086,455)	671,244	(95,415,211)
General Revenues:							
Taxes:							
Property taxes					86,366,008	-	86,366,008
State aid and in lieu of taxes, unrestricted					7,188,198	-	7,188,198
Investment earnings					30,696	2,615	33,311
Miscellaneous					29,208	-	29,208
Gain on disposal of capital assets					-	328,743	328,743
<i>Special item - transition payments - wastewater privatization</i>					-	450,000	450,000
Total general revenues and special items					93,614,110	781,358	94,395,468
Change in net assets					(2,472,345)	1,452,602	(1,019,743)
Net assets - beginning of year, as restated					16,947,218	30,010,681	46,957,899
Net assets - end of year					\$ 14,474,873	\$ 31,463,283	\$45,938,156

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

**Balance Sheet
Governmental Funds
October 31, 2010**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 3,386,736	\$ -	\$ 1,831,130	\$ 5,217,866
Investments	8,910,147	-	11,272,164	20,182,311
Real estate and personal property tax receivable	20,736,914	-	-	20,736,914
Due from federal and state governments	-	29,383	2,562,985	2,592,368
Due from other funds	2,037,296	8,593,979	509,549	11,140,824
Other receivables	206,438	450,969	3,973,235	4,630,642
Prepaid expenditures	5,836	141,302	8,482	155,620
Inventory	68,113	-	-	68,113
Tax title property	342,732	-	-	342,732
Total assets	<u>\$ 35,694,212</u>	<u>\$ 9,215,633</u>	<u>\$ 20,157,545</u>	<u>\$ 65,067,390</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 2,782,636	\$ 11,338,547	\$ 996,958	\$ 15,118,141
Due to state government	-	-	51,460	51,460
Due to other funds	7,188,221	107,644	2,352,016	9,647,881
Deferred revenues:				
Uncollected property taxes	20,558,267	-	-	20,558,267
Other	293,185	4,076,229	3,972,939	8,342,353
Other liabilities	342,732	10,000	205,775	558,507
Total liabilities	<u>31,165,041</u>	<u>15,532,420</u>	<u>7,579,148</u>	<u>54,276,609</u>
Fund Balances (deficits):				
Reserved for:				
Encumbrances	133,127	-	-	133,127
Inventory and prepaid expenditures	73,949	141,302	-	215,251
Equipment replacement and capital projects	101,617	-	-	101,617
Permanent funds	-	-	105,908	105,908
School Unrestricted Fund deficit	6,316,787	-	-	6,316,787
Unreserved:				
Undesignated	(2,096,309)	(6,458,089)	-	(8,554,398)
Unreserved, reported in:				
Special revenue funds	-	-	3,348,140	3,348,140
Capital project funds	-	-	9,124,349	9,124,349
Total fund balances (deficits)	<u>4,529,171</u>	<u>(6,316,787)</u>	<u>12,578,397</u>	<u>10,790,781</u>
Total liabilities and fund balances	<u>\$ 35,694,212</u>	<u>\$ 9,215,633</u>	<u>\$ 20,157,545</u>	<u>\$ 65,067,390</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
October 31, 2010

Total Fund Balances - Total Governmental Funds	\$ 10,790,781
 <i>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. (Note 2)	59,514,059
Accrued interest receivable on property taxes is reported as revenue in Government-Wide financial statements in the period earned. In Governmental Funds financial statements, interest on property taxes is reported when received.	501,668
Other receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	4,072,939
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred revenue (a liability) in Governmental Funds financial statements.	18,841,615
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(502,128)
Long-term liabilities (including bonds payable, capital leases, compensated absences, loan payable, net pension and OPEB obligations) are due and not payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. (Note 6)	(82,100,435)
The net other post employment benefit asset is not available to pay for current period expenditures and, therefore, is not reported in the Governmental Funds financial statements.	3,194,375
Debt issue costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements.	<u>161,999</u>
 Net Assets - Governmental Activities	 <u>\$ 14,474,873</u>

The accompanying notes are an integral part of the basic 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, 2010

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 85,068,255	\$ -	\$ -	\$ 85,068,255
Federal and state aid and grants	7,669,068	26,356,358	12,829,072	46,854,498
Charges for services	2,024,570	2,586,072	2,529,920	7,140,562
Fines and penalties	37,604	-	213,731	251,335
Investment and interest income	558,100	-	21,340	579,440
Contributions and private grants	-	-	104,192	104,192
Other revenue	-	74,841	159,968	234,809
Total revenues	<u>95,357,597</u>	<u>29,017,271</u>	<u>15,858,223</u>	<u>140,233,091</u>
Expenditures:				
<i>Current:</i>				
General government	5,287,351	-	716,730	6,004,081
Public safety	24,484,531	-	2,385,013	26,869,544
Public works	6,539,654	-	289,626	6,829,280
Parks and recreation	2,622,947	-	330,370	2,953,317
Public health and welfare	-	-	262,575	262,575
Sanitation	2,719,180	-	10,450	2,729,630
Public libraries	2,203,878	-	774,654	2,978,532
Education	-	73,192,043	10,242,599	83,434,642
Miscellaneous	3,922,900	-	-	3,922,900
Debt Service	3,616,459	-	270,847	3,887,306
Total expenditures	<u>51,396,900</u>	<u>73,192,043</u>	<u>15,282,864</u>	<u>139,871,807</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>43,960,697</u>	<u>(44,174,772)</u>	<u>575,359</u>	<u>361,284</u>
Other financing sources (uses):				
Proceeds from bond	-	-	5,000,000	5,000,000
Proceeds from capital leases	-	75,060	3,955,000	4,030,060
Premium on bond	-	-	85,043	85,043
Transfers from other funds	1,485,000	44,112,689	76,628	45,674,317
Transfers to other funds	(44,123,464)	-	(1,550,853)	(45,674,317)
Total other financing sources (uses)	<u>(42,638,464)</u>	<u>44,187,749</u>	<u>7,565,818</u>	<u>9,115,103</u>
Net change in fund balances	<u>1,322,233</u>	<u>12,977</u>	<u>8,141,177</u>	<u>9,476,387</u>
Fund balances (deficits), beginning of year	3,206,938	(6,191,830)	4,437,220	1,452,328
Adjustments to prior years	-	(137,934)	-	(137,934)
Restated fund balances (deficits), beginning of year	<u>3,206,938</u>	<u>(6,329,764)</u>	<u>4,437,220</u>	<u>1,314,394</u>
Fund balances (deficits), end of year	<u>\$ 4,529,171</u>	<u>\$ (6,316,787)</u>	<u>\$ 12,578,397</u>	<u>\$ 10,790,781</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended October 31, 2010

Net Changes in Fund Balances - Total Governmental Funds	\$ 9,476,387
 Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of the assets is allocated over the estimated useful life as depreciation expense. This is the amount of capital assets recorded in the current period.	1,770,358
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(3,054,472)
Long-term compensated absences, net pension obligations, and net other post employment benefit (OPEB) obligations are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, the change in compensated absences, net pension obligations and net OPEB obligations are not reported as expenditures in Governmental Funds financial statements.	(5,945,722)
Bond, capital lease and loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond, capital lease and loan principal are an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents debt proceeds.	(9,030,060)
This amount represents long-term debt payments.	3,465,039
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds financial statements. The following amount represents the change in accrued interest from prior year.	(27,503)
Bonds issued at a premium provide current financial resources to Governmental Funds, but increase the long-term liabilities in the Statement of Net Assets. Debt issuance costs are expenditures to Governmental Funds, but are deferred assets in the Statement of Net Assets.	
This amount represents current year premium on bond.	(85,043)
This amount represents current year debt issuance costs.	161,999
This amount represents current year amortization of bond premium and debt issuance costs.	(17,276)
Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds.	713,051
The Community Development loans are reported as expenditures in the Governmental Funds financial statements, but are only reported as an increase to accounts receivable in the Government-Wide Statement of Net Assets.	227,336
The repayment of the Community Development loans are reported as revenue in the Governmental fund financial statements, but are only reported as a decrease to accounts receivable in the Government-Wide Statement of net assets.	(126,439)
Change in Net Assets - Governmental Activities	<u><u>\$ (2,472,345)</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Assets

Proprietary Funds

October 31, 2010

	<i>Enterprise Funds</i>		
	<i>Water Fund</i>	<i>WPC</i>	<i>Totals</i>
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,911,823	\$ 209,032	\$ 2,120,855
Restricted cash and cash equivalents	428,880	1,153,040	1,581,920
Accounts receivable	4,081,908	200,732	4,282,640
Due from state government	2,531,365	13,693,588	16,224,953
Due from other funds	1,011,000	1,994,860	3,005,860
Other receivables	-	81,438	81,438
Inventory	260,862	-	260,862
Total current assets	10,225,838	17,332,690	27,558,528
Noncurrent assets:			
Capital assets:			
Nondepreciable capital assets			
Land	1,909,975	1,418,359	3,328,334
Construction in progress	4,508,301	4,060,277	8,568,578
Depreciable capital assets			
Land improvements	83,806	124,409	208,215
Buildings, pump stations and tanks	2,097,453	17,099,343	19,196,796
Infrastructure	21,178,868	21,837,056	43,015,924
Machinery and equipment	1,809,503	4,074,567	5,884,070
Vehicles	1,098,347	-	1,098,347
Less: accumulated depreciation	(14,942,389)	(27,948,337)	(42,890,726)
Other assets	90,627	221,511	312,138
Total noncurrent assets	17,834,491	20,887,185	38,721,676
Total assets	28,060,329	38,219,875	66,280,204
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	1,525,604	3,763,245	5,288,849
Accrued interest payable	28,237	107,363	135,600
Due to other funds	2,010,925	2,516,517	4,527,442
Unearned revenue	469,486	6,418	475,904
Revenue anticipation notes payable	-	600,000	600,000
Current portion of long term debt	251,919	658,272	910,191
Total current liabilities	4,286,171	7,651,815	11,937,986
Noncurrent liabilities:			
Accrued compensated absences	158,360	36,125	194,485
Bonds and loan payable	4,785,846	17,898,604	22,684,450
Total noncurrent liabilities	4,944,206	17,934,729	22,878,935
Total liabilities	9,230,377	25,586,544	34,816,921
Net assets			
Investment in capital assets, net of related debt	14,375,698	13,657,783	28,033,481
Restricted for improvements	-	690,829	690,829
Restricted for debt service payments	428,880	1,153,040	1,581,920
Unrestricted	4,025,374	(2,868,321)	1,157,053
Total net assets	\$18,829,952	\$12,633,331	\$31,463,283

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended October 31, 2010

	<i>Enterprise Funds</i>		
	<i>Water Fund</i>	<i>WPC</i>	<i>Totals</i>
Operating revenues			
Water sales	\$ 5,845,179	\$ -	\$ 5,845,179
Sewer use fees	-	5,403,469	5,403,469
Other revenues	105,431	2,053,937	2,159,368
Total operating revenues	<u>5,950,610</u>	<u>7,457,406</u>	<u>13,408,016</u>
Operating expenses			
Salaries and benefits	1,798,391	957,667	2,756,058
Repair and maintenance	211,639	198,607	410,246
Water purchases	2,627,002	-	2,627,002
Operations	493,607	6,777,435	7,271,042
Depreciation and amortization expense	444,344	891,279	1,335,623
Other	522,093	-	522,093
Total operating expenses	<u>6,097,076</u>	<u>8,824,988</u>	<u>14,922,064</u>
 Operating loss	 <u>(146,466)</u>	 <u>(1,367,582)</u>	 <u>(1,514,048)</u>
 Nonoperating revenues (expenses)			
Interest income	2,146	469	2,615
Gain on disposal of capital assets	-	328,743	328,743
Interest expense	(73,781)	(262,383)	(336,164)
Total nonoperating revenues (expenses)	<u>(71,635)</u>	<u>66,829</u>	<u>(4,806)</u>
 Loss before contributions, special items and transfers	 <u>(218,101)</u>	 <u>(1,300,753)</u>	 <u>(1,518,854)</u>
Capital contributions and grants	1,391,731	1,129,725	2,521,456
Special item - transition payments - wastewater privatization	-	450,000	450,000
Transfers in	300,000	-	300,000
Transfers out	-	(300,000)	(300,000)
Change in net assets	<u>1,473,630</u>	<u>(21,028)</u>	<u>1,452,602</u>
Total net assets - beginning of year	<u>17,356,322</u>	<u>12,654,359</u>	<u>30,010,681</u>
Total net assets - end of year	<u><u>\$18,829,952</u></u>	<u><u>\$12,633,331</u></u>	<u><u>\$31,463,283</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended October 31, 2010

	<i>Enterprise Funds</i>		
	<i>Water Fund</i>	<i>WPC</i>	<i>Totals</i>
<i>Cash flows from operating activities</i>			
Receipts from customers and users	\$ 5,687,784	\$ 5,403,469	\$ 11,091,253
Other operating revenue receipts	106,516	1,878,606	1,985,122
Payments to suppliers for goods and services	(3,822,043)	(6,206,515)	(10,028,558)
Payments to employees	(1,807,271)	(1,150,274)	(2,957,545)
<i>Net cash provided by (used for) operating activities</i>	164,986	(74,714)	90,272
<i>Cash flows from noncapital financing activities</i>			
Interfund transactions	96,605	193,576	290,181
Proceeds from revenue anticipation note	-	600,000	600,000
Principal paid on revenue anticipation note	-	(600,000)	(600,000)
Interest paid on revenue anticipation note	-	(12,629)	(12,629)
Wastewater privatization transition payments received	-	450,000	450,000
Transfers from other funds	300,000	-	300,000
Transfers to other funds	-	(300,000)	(300,000)
<i>Net cash provided by noncapital related financing activities</i>	396,605	330,947	727,552
<i>Cash flows from capital and related financing activities</i>			
Loan proceeds	478,287	602,284	1,080,571
Sale of capital assets	-	359,695	359,695
Principal paid on capital debt	(1,536)	(365,349)	(366,885)
Interest paid on capital debt	(45,543)	(165,714)	(211,257)
Acquisition of capital assets	(312,623)	(304,856)	(617,479)
<i>Net cash provided by capital and related financing activities</i>	118,585	126,060	244,645
<i>Cash flows from investing activities</i>			
Investment income	2,146	469	2,615
<i>Net cash provided by investing activities</i>	2,146	469	2,615
<i>Net increase in cash and cash equivalents</i>	682,322	382,762	1,065,084
<i>Cash and cash equivalents, beginning of year</i>	1,658,381	979,310	2,637,691
<i>Cash and cash equivalents, end of year</i>	\$ 2,340,703	\$ 1,362,072	\$ 3,702,775
<i>Noncash capital and related financing activities:</i>			
Increase in due from state government	\$ 2,531,365	\$ 5,933,994	\$ 8,465,359
Increase in construction in progress	4,278,614	3,795,617	8,074,231
Increase in other assets	95,159	114,284	209,443
Increase in accounts payable	952,393	2,366,115	3,318,508
Increase in loans payable	4,561,014	6,397,716	10,958,730
Increase in capital contributions and grants	1,391,731	1,129,725	2,521,456
Increase in interest expense	-	49,661	49,661

The accompanying notes are an integral part of the basic financial statements.

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended October 31, 2010

	<i>Enterprise Funds</i>		
	<u>Water Fund</u>	<u>WPC</u>	<u>Totals</u>
<i>Reconciliation of operating loss to net cash provided by (used for) operating activities</i>			
Operating loss	\$ (146,466)	\$ (1,367,582)	\$ (1,514,048)
<i>Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:</i>			
Depreciation and amortization	444,344	891,279	1,335,623
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(156,753)	(89,647)	(246,400)
(Increase) decrease in other receivables	-	(81,438)	
(Increase) decrease in inventory	43,345	-	43,345
Increase (decrease) in accounts payable and accrued expenses	(11,133)	708,981	697,848
Increase (decrease) in accrued compensated absences	(8,794)	(132,060)	(140,854)
Increase (decrease) in unearned revenue	443	(4,247)	(3,804)
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 164,986</u>	<u>\$ (74,714)</u>	<u>\$ 90,272</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
October 31, 2010

	<u><i>Pension Trust Fund</i></u>	<u><i>Agency Funds</i></u>
Assets		
Cash and cash equivalents	\$ 119,031	\$ 250,370
Investments:		
Mutual funds - equity	28,100,739	-
Mutual funds - fixed income	17,917,642	-
Treasury obligations funds	-	238,248
Quality trust liquidating trust	11,080	-
International equity group trust	12,029,656	-
Total investments	<u>58,059,117</u>	<u>238,248</u>
Accrued interest receivable	3	-
City contribution receivable	105,045	-
Member contributions receivable	70,030	-
Due from other funds	-	32,151
Total assets	<u>58,353,226</u>	<u>520,769</u>
Liabilities		
Accounts payable and accrued expenses	17,005	22,499
Due to other funds	-	3,512
Deposits held in custody for others	-	494,758
Total liabilities	<u>17,005</u>	<u>520,769</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 58,336,221</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended October 31, 2010

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 1,400,002
Plan member	1,211,632
Total contributions	<u>2,611,634</u>
Investment income:	
Interest and dividend income	850,978
Net appreciation (depreciation) in fair value of investments	6,096,756
Less: investment expense	<u>(276,951)</u>
Net investment income	<u>6,670,783</u>
Other revenue	<u>72</u>
Total additions	<u>9,282,489</u>
Deductions	
Benefits	8,243,471
Administrative and other expense	<u>18,370</u>
Total deductions	<u>8,261,841</u>
Change in net assets	1,020,648
Net assets - beginning of year	<u>57,315,573</u>
Net assets - end of year	<u><u>\$58,336,221</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

The financial statements of the City of East Providence, Rhode Island 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

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the City applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units.” 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 is considered a separate accounting entity. 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 Assets and a Statement of Activities and Changes in Net Assets. 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 Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

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 assets are available.

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 Assets 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 assets and changes in net assets 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, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. 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, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, 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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are 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 Assets and a Statement of Changes in Net Assets. The City’s Fiduciary Funds are 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 source for this fund is employer and employee contributions.

Agency Funds – These funds account for assets held by the City as agent for various student groups, funds held in probate 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, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

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 that were levied on June 2, 2010 of the current year and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICES RECEIVABLE

WPC and water revenue is 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 (first in, first out method of inventory valuation). 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 Assets, 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 the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than 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, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

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”.

In the Government-Wide Statements, bond premiums and debt issuance costs are deferred and amortized over the term of the related debt. Bond premiums are presented as an addition to the face amount of the bonds payable whereas debt issuance costs are recorded as other assets.

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, 2009, billed on June 2, 2010, and payable on July 1, 2010 (with provisions for quarterly payments), plus delinquent balances less property tax amounts due as of the balance sheet date and received sixty days thereafter.

K. PROPERTY TAXES

The City is permitted by State Law to levy property taxes. The City’s fiscal 2009-2010 property taxes were levied on June 2, 2010 on assessed valuation as of December 31, 2009. Taxes were due July 1, 2010 or may be paid quarterly, without penalty, at the taxpayer’s option. Failure to mail payments by due dates will result in lien on taxpayer’s property.

A 12% penalty is imposed for all taxes in an overdue status.

The City offers a 3% discount to taxpayers who pay their assessment in full on or before the due date of the first quarterly installment.

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 longer than 60 days after the close of the current period.

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, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

The entire compensated absence liability is reported on 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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the year ended October 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Nondepreciable assets:				
Land	\$ 4,076,963	\$ -	\$ -	\$ 4,076,963
Construction in progress	790,589	871,941	1,079,151	583,379
	<u>4,867,552</u>	<u>871,941</u>	<u>1,079,151</u>	<u>4,660,342</u>
Depreciable assets:				
Land improvements	3,376,011	-	-	3,376,011
Buildings & construction	59,616,439	753,667	-	60,370,106
Infrastructure	43,575,433	461,298	-	44,036,731
Machinery & equipment	9,694,067	621,587	-	10,315,654
Vehicles	13,269,779	155,057	-	13,424,836
Total Capital Assets	<u>134,399,281</u>	<u>2,863,550</u>	<u>1,079,151</u>	<u>136,183,680</u>
Less accumulated depreciation for:				
Land improvements	2,702,220	87,088	-	2,789,308
Buildings & construction	24,934,220	1,148,999	-	26,083,219
Infrastructure	29,970,973	669,298	-	30,640,271
Machinery & equipment	4,929,253	592,947	-	5,522,200
Vehicles	11,078,483	556,140	-	11,634,623
Total Accumulated Depreciation	<u>73,615,149</u>	<u>3,054,472</u>	<u>-</u>	<u>76,669,621</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,784,132</u>	<u>\$ (190,922)</u>	<u>\$ 1,079,151</u>	<u>\$ 59,514,059</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 3,328,334	\$ -	\$ -	\$ 3,328,334
Construction in progress	-	8,568,578	-	8,568,578
	<u>3,328,334</u>	<u>8,568,578</u>	<u>-</u>	<u>11,896,912</u>
Depreciable assets:				
Land improvements	208,215	-	-	208,215
Infrastructure	42,963,679	52,245	-	43,015,924
Buildings, pump stations & tanks	19,196,796	-	-	19,196,796
Machinery & equipment	5,827,902	56,168	-	5,884,070
Vehicles	1,566,410	14,719	482,782	1,098,347
Total Capital Assets	<u>73,091,336</u>	<u>8,691,710</u>	<u>482,782</u>	<u>81,300,264</u>
Less accumulated depreciation for:				
Land improvements	166,151	5,486	-	171,637
Infrastructure	24,078,672	638,391	-	24,717,063
Buildings, pump stations & tanks	13,553,292	460,709	-	14,014,001
Machinery & equipment	2,877,266	174,369	-	3,051,635
Vehicles	1,346,934	41,286	451,830	936,390
Total Accumulated Depreciation	<u>42,022,315</u>	<u>1,320,241</u>	<u>451,830</u>	<u>42,890,726</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,069,021</u>	<u>\$ 7,371,469</u>	<u>\$ 30,952</u>	<u>\$ 38,409,538</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

Depreciation expense was charged to governmental functions as follows:

General government	\$ 98,849
Public safety	830,761
Public works	886,228
Public libraries	105,802
Parks and recreation	287,103
Sanitation	4,774
Education	840,955
Total Depreciation Expense	<u>\$3,054,472</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 approximates \$118,339,262. As of October 31, 2010, the City's debt subject to legal debt margin is \$0 and the City is under the debt limit by \$118,339,262.

B. DEFICIT FUND BALANCE IN FUND FINANCIAL STATEMENTS – Pursuant to Rhode Island General Law 16-2-18, a School Department is not permitted to incur a deficit. For the fiscal year ended October 31, 2010, the School Unrestricted Fund had a cumulative deficit of (\$6,316,787).

The following Nonmajor Governmental Funds also had a cumulative deficit as of October 31, 2010:

Special Revenue Funds:	
Fire Decon Grant	\$ (663)
Fire Port Security	(3)
Fire Prevention & Safety	(19)
Fire UASI	(17,257)
Municipal Court	(93,500)
Rose Larisa Memorial Park	(1,941)
Stormwater Management Phase II	(17,100)
School Lunch	(85,239)
Capital Project Funds:	
Hull Street Renovations	\$ (19,820)
Open Space	(6,594)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

NOTE 4 – CASH DEPOSITS

DEPOSITS – are 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 Assets as "Cash and Cash Equivalents".

	<i>Carrying Amount</i>
Total Deposits	\$11,125,790
Add: Petty cash	3,060
Add: Investments classified as cash equivalents	2,228,646
Less: Cash classified as investments	(4,067,454)
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	\$ 9,290,042

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 will not be able to recover collateral securities that are in the possession of an outside party. 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, 2010, \$12,611,262 of the City's bank balance of \$13,453,091 was exposed to custodial credit risk as follows:

	<i>Bank Balance</i>
Insured (Federal depository insurance funds)	\$ 841,829
Collateralized with securities held by pledging financial institution or its agent, in the City's name	12,399,031
Uninsured and uncollateralized	212,231
<i>Total</i>	\$13,453,091

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, 2010 the City's uninsured or uncollateralized deposits with an institution was \$212,231.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

NOTE 5 – INVESTMENTS

The City invests in various types of investments, which are stated at fair value. The City Council has control over the type of investments made, but gives the Finance Director and Treasurer the authority to make investments with their approval. The Finance Director and Treasurer are not limited by the City Charter or by legal or contractual provision for the type of investments made.

<i>Investment Type</i>	<i>Fair Value</i>	<u><i>Investment Maturity</i></u> <i>(in years)</i> <i>8 to 10</i>
Debt Securities:		
Pension Trust Fund -		
Bond Fund	\$ 9,715,251	\$ 9,715,251
Fixed Income Mutual Funds	8,202,391	8,202,391
Total debt securities	<u>17,917,642</u>	<u>\$ 17,917,642</u>
 Other Investments:		
Pension Trust Fund -		
Quality Trust Liquidating Trust	11,080	
Equity Mutual Funds	28,100,739	
International Equity Group Trust	12,029,656	
Treasury Reserves Money Market Fund	119,031	
Other Funds -		
Federated Government Obligations Fund	3,922,750	
Federated Treasury Obligations Fund	11,801,525	
Fidelity Treasury Money Market Fund	1,106,046	
Fidelity Governmental Fund	1,581,920	
MBIA RI Investment Pool	379	
Treasury Reserves Money Market Fund	50,100	
Total other investments	<u>58,723,226</u>	
 Total investments	 76,640,868	
Less: Investments classified as cash equivalents	(2,228,646)	
Add: Cash classified as investments	4,067,454	
Total Investments Reported in the Financial Statements	<u>\$ 78,479,676</u>	

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.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

Credit Risk

The City has no investment policy that would further limit its investment choices beyond those limited by Rhode Island General Laws. Rhode Island General Laws permit the City’s Pension Trust Fund to invest in certificates of deposit, savings accounts, money market accounts, obligations of the United States Government or certain obligations thereof, commercial paper with a rating of P-1, A-1 or higher as approved by the Fund’s Board of Trustees, and investment grade debentures with a rating of AAA or AA by Standard & Poor’s Rating Services and Aaa or Aa by Moody’s Investor Service, Inc.

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, 2010.

<u><i>Credit Rating</i></u>	<u><i>Bond Fund</i></u>	<u><i>Fixed Income Mutual Funds</i></u>	<u><i>Total Fair Value</i></u>
AAA	\$ -	\$ 1,867,019	\$ 1,867,019
Aa2/AA	9,715,251	-	9,715,251
BB	-	6,335,372	6,335,372
	<u>\$ 9,715,251</u>	<u>\$ 8,202,391</u>	<u>\$ 17,917,642</u>

The credit rating of the Bond Fund and 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 and the MBIA RI investment pool, all of the City’s investments were subject to custodial credit risk at October 31, 2010, 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 and the MBIA RI investment pool are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

Concentrations of Credit Risk

The City places no 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.

As of October 31, 2010, the International Equity Group Trust had 100% of its assets in international investments. The City's investment in equity mutual funds also includes a \$3,626,503 investment in a fund in which 47% of the fund's long-term investments are international.

NOTE 6

A. LONG-TERM LIABILITIES

Long-term liability activity for the governmental activities for the year ended October 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One Year</u>
Governmental Activities					
Bonds, capital leases, and loans payable:					
General obligation bonds	\$ 19,688,300	\$ 5,000,000	\$ 2,266,500	\$ 22,421,800	\$ 1,721,500
Capital leases payable	3,969,148	4,030,060	993,539	7,005,669	1,053,590
Loans payable	3,020,000	-	205,000	2,815,000	205,000
Plus: amortized premium on bonds	<u>3,311</u>	<u>85,043</u>	<u>3,311</u>	<u>85,043</u>	<u>4,252</u>
Total bonds, capital leases, and loans payable	<u>26,680,759</u>	<u>9,115,103</u>	<u>3,468,350</u>	<u>32,327,512</u>	<u>2,984,342</u>
Other liabilities:					
Compensated absences	4,219,233	88,253	67,570	4,239,916	-
Net pension obligation	35,420,660	5,300,721	-	40,721,381	-
Net other postemployment benefit obligation	<u>2,395,890</u>	<u>2,415,736</u>	<u>-</u>	<u>4,811,626</u>	<u>-</u>
Total other liabilities	<u>42,035,783</u>	<u>7,804,710</u>	<u>67,570</u>	<u>49,772,923</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u><u>\$ 68,716,542</u></u>	<u><u>\$ 16,919,813</u></u>	<u><u>\$ 3,535,920</u></u>	<u><u>\$ 82,100,435</u></u>	<u><u>\$ 2,984,342</u></u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
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The General Fund, School Unrestricted Fund, CDBG Activities Fund and Rescue Service Fees Fund make payments on the bonds, loans, and capital leases payable that pertain to the City's Governmental Activities. The compensated absences liability attributable to the Governmental Activities will be liquidated by the City's General Fund and School Unrestricted Fund. The net pension obligation attributable to the Governmental Activities will be liquidated by the General Fund.

Long-term liability activity for the business-type activities for the year ended October 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Bonds and loans payable:					
General obligation bonds -WPC	\$ 2,441,700	\$ -	\$ 198,500	\$ 2,243,200	\$ 198,500
Loan payable - Water	-	5,039,301	1,536	5,037,765	251,919
Loan payable - WPC	9,480,525	7,000,000	166,849	16,313,676	459,772
Total bonds and loans payable	<u>11,922,225</u>	<u>12,039,301</u>	<u>366,885</u>	<u>23,594,641</u>	<u>910,191</u>
Other liabilities:					
Compensated absences	335,339	-	140,854	194,485	-
Total other liabilities	<u>335,339</u>	<u>-</u>	<u>140,854</u>	<u>194,485</u>	<u>-</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 12,257,564</u>	<u>\$ 12,039,301</u>	<u>\$ 507,739</u>	<u>\$ 23,789,126</u>	<u>\$ 910,191</u>

B. GENERAL OBLIGATION BONDS

The debt service requirements for the City's general obligation bonds at October 31, 2010 were as follows:

<u>Fiscal Year</u>	<u>Governmental Activities General Obligation Bonds</u>		<u>Business-Type Activities General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,721,500	\$ 971,815	\$ 198,500	\$ 115,349
2012	1,721,500	910,093	198,500	105,545
2013	1,716,500	840,835	198,500	95,640
2014	1,716,500	770,091	198,500	85,633
2015	1,716,500	698,324	198,500	75,526
2016-2020	8,248,300	2,357,736	926,700	222,267
2021-2025	4,331,000	760,250	324,000	40,500
2026-2030	1,250,000	170,625	-	-
	<u>\$22,421,800</u>	<u>\$7,479,769</u>	<u>\$2,243,200</u>	<u>\$740,460</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
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C. SCHEDULE OF BONDS PAYABLE

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding 11/1/2009</u>	<u>New Issues</u>	<u>Maturities During Year</u>	<u>Outstanding 10/31/2010</u>
Governmental Activities								
Bonds Payable:								
General obligation refunding	\$ 5,065,000	3/10/2005	3%	5/15/2010	\$ 795,000	\$ -	\$ 795,000	\$ -
General obligation school	5,095,000	6/15/1999	4.25-6%	6/15/2019	2,615,000	-	265,000	2,350,000
General obligation	9,000,000	5/15/2003	2.25-4.75%	5/15/2023	6,300,000	-	450,000	5,850,000
General obligation	2,575,800	5/15/2000	5.5-6.5%	5/15/2020	1,383,300	-	132,500	1,250,800
General obligation	5,130,000	5/15/2001	4-5%	5/15/2021	3,060,000	-	255,000	2,805,000
General obligation	7,380,000	5/15/2004	3.75-5%	5/15/2024	5,535,000	-	369,000	5,166,000
General obligation	5,000,000	5/26/2010	3-4.55%	5/15/2030	-	5,000,000	-	5,000,000
Total governmental activities bonds payable					<u>19,688,300</u>	<u>5,000,000</u>	<u>2,266,500</u>	<u>22,421,800</u>
Business-Type Activities								
Bonds Payable:								
General obligation sewer	2,284,200	5/15/2000	5.5-6.5%	5/15/2020	1,226,700	-	117,500	1,109,200
General obligation sewer	1,620,000	5/15/2004	3.75-5%	5/15/2024	1,215,000	-	81,000	1,134,000
Total business-type activities bonds payable					<u>2,441,700</u>	<u>-</u>	<u>198,500</u>	<u>2,243,200</u>
Total bonds payable					<u>\$ 22,130,000</u>	<u>\$ 5,000,000</u>	<u>\$ 2,465,000</u>	<u>\$ 24,665,000</u>

D. CAPITAL LEASE COMMITMENTS

Governmental Activities Capital Leases Payable	
<u>Fiscal Year</u>	<u>Total</u>
2011	\$1,366,423
2012	1,155,745
2013	911,027
2014	737,944
2015	583,208
2016-2020	2,218,235
2021-2025	1,888,074
Total minimum lease payments	8,860,656
Less: amount representing interest cost	(1,854,987)
Present value of minimum lease payments	<u>\$7,005,669</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
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E. LOANS PAYABLE

The following schedule summarizes the City's loans payable:

<i>Issue</i>	<i>Date Issued</i>	<i>Maturity Date</i>	<i>Original Loan Amount</i>	<i>Interest Rate</i>
Governmental Activities				
HUD Section 108 Loan	8/7/2003	8/1/2023	\$3,000,000	1.21-5.69%
RIHBEC School Loan	10/27/2005	10/27/2012	\$525,000	4.583%
Business -Type Activities				
RI Clean Water Loan - WPC	3/10/1993	9/1/2015	\$3,300,000	2.99893%
RI Clean Water Loan - WPC	10/6/2009	9/1/2030	\$10,000,000	2.09-3.93%
RI Clean Water Loan - Water	11/19/2009	9/1/2030	\$6,000,000	1.59-4.26%
RI Clean Water Loan - Water	2/12/2010	9/1/2030	\$561,206	.55-3.56%
RI Clean Water Loan - WPC	6/24/2010	9/1/2031	\$7,000,000	1.51-4.12%

The debt service through maturity for the above loans is as follows:

<i>Fiscal Year</i>	<i>Governmental Activities Loans Payable</i>		<i>Business-Type Activities Loans Payable</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2011	\$ 205,000	\$ 148,222	\$ 711,691	\$ 789,310
2012	210,000	139,006	961,181	841,377
2013	125,000	129,285	976,521	813,131
2014	175,000	123,247	994,710	782,339
2015	175,000	114,620	1,013,747	748,775
2016-2020	1,130,000	422,463	4,590,868	3,215,767
2021-2025	795,000	90,805	5,326,960	2,205,519
2026-2030	-	-	6,274,763	966,055
2031	-	-	501,000	23,146
	<u>\$2,815,000</u>	<u>\$1,167,648</u>	<u>\$21,351,441</u>	<u>\$10,385,419</u>

The following RI Clean Water Loan agreements include ARRA principal forgiveness:

<i>Date Issued</i>	<i>Original Loan Amount</i>	<i>ARRA Principal Forgiveness</i>	<i>Net Loan Amount</i>
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

CITY OF EAST PROVIDENCE, RHODE ISLAND
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The net loans payable have been recorded by the City as of October 31, 2010.

All RI Clean Water Loans are used for approved water or water pollution control projects. The RI Clean Water Finance Agency 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, 2010 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.

The RI Clean Water 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 7 – SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2010:

- A. Tax Anticipation Notes** – Tax anticipation notes in the amount of \$28,000,000 were issued on December 16, 2009 and matured on July 15, 2010 with an interest rate of 1.79%. The proceeds were deposited into the General Fund.
- B. Revenue Anticipation Notes** – Revenue anticipation notes in the amount of \$600,000 were issued on May 27, 2010 with an interest rate of 4% and mature on May 26, 2011. The proceeds were deposited into the WPC Fund.

The following schedule summarizes the City's short-term debt activity for the year:

	<u><i>Beginning Balance</i></u>	<u><i>Additions</i></u>	<u><i>Retirements</i></u>	<u><i>Ending Balance</i></u>
<i>Governmental Activities:</i>				
Bond anticipation notes	\$2,000,000	\$ -	\$ 2,000,000	\$ -
Tax anticipation notes	-	28,000,000	28,000,000	-
<i>Governmental Activities Short-Term Debt</i>	<u>\$2,000,000</u>	<u>\$28,000,000</u>	<u>\$30,000,000</u>	<u>\$ -</u>
<i>Business-Type Activities:</i>				
Revenue anticipation notes	\$600,000	\$600,000	\$600,000	\$600,000
<i>Business-Type Activities Short-Term Debt</i>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>	<u>\$600,000</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

NOTE 8 – OPERATING LEASES

The City has entered into operating leases for equipment. As of October 31, 2010, future minimum rental commitments under operating leases are as follows:

<u><i>Fiscal Year Ended October 31,</i></u>	
2011	\$56,950
2012	13,416
Future minimum rental commitments	<u>\$70,366</u>

Rental expenditures related to operating leases were approximately \$65,027 in fiscal year 2010.

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.

	<u><i>Due To</i></u>						<u><i>Total</i></u>
	<u><i>General Fund</i></u>	<u><i>Unrestricted Fund</i></u>	<u><i>Other Governmental Funds</i></u>	<u><i>Water Fund</i></u>	<u><i>WPC Fund</i></u>	<u><i>Agency Funds</i></u>	
<i>Due From</i>							
General Fund	\$ -	\$ 7,153,318	\$ 7,787	\$ -	\$ 35	\$ 27,081	\$ 7,188,221
School Unrestricted Fund	70,244	-	32,330	-	-	5,070	107,644
Other Governmental Funds	441,923	1,440,661	469,432	-	-	-	2,352,016
Water Fund	16,100	-	-	-	1,994,825	-	2,010,925
WPC Fund	1,505,517	-	-	1,011,000	-	-	2,516,517
Agency Funds	3,512	-	-	-	-	-	3,512
Total	<u>\$ 2,037,296</u>	<u>\$ 8,593,979</u>	<u>\$ 509,549</u>	<u>\$ 1,011,000</u>	<u>\$ 1,994,860</u>	<u>\$ 32,151</u>	<u>\$14,178,835</u>

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.

NOTE 10 – INTERFUND TRANSFERS

	<u><i>Transfer To</i></u>				<u><i>Total</i></u>
	<u><i>General Fund</i></u>	<u><i>Unrestricted Fund</i></u>	<u><i>Other Governmental Funds</i></u>	<u><i>Water Fund</i></u>	
<i>Transfer From</i>					
General Fund	\$ -	\$44,112,689	\$ 10,775	\$ -	\$ 44,123,464
Other Governmental Funds	1,485,000	-	65,853	-	1,550,853
WPC Fund	-	-	-	300,000	300,000
Total	<u>\$ 1,485,000</u>	<u>\$44,112,689</u>	<u>\$ 76,628</u>	<u>\$ 300,000</u>	<u>\$ 45,974,317</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
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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 \$44,112,689 is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted fund and expended.

NOTE 11 – NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net asset presentation. Net assets 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 assets. 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 Assets – This category presents external restrictions imposed by grantors, laws and regulations and enabling legislation.

Unrestricted Net Assets – This category represents net assets of the City, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. At October 31, 2010, reservations and designations of fund balance are described below:

Reserve for encumbrances – to reserve for purchase commitments which have not lapsed at year-end, but do not constitute an expenditure or liability.

Reserve for inventory and prepaid expenditures – to reserve funds for those assets that are not an available financial resource for the current year, but will be consumed in the subsequent year.

Reserve for equipment replacement and capital projects – to reserve monies for future equipment replacement purchases and capital projects.

Reserve for permanent funds – to reserve funds held in accordance with the terms of trust agreements.

Reserve for School Unrestricted Fund deficit – to reserve those assets that are not an available financial resource for appropriation in the subsequent fiscal year.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2010

NOTE 12 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The City disaggregates significant components of receivables in the financial statements. Receivable balances determined to be immaterial are reported as other receivables, except for loans receivable of \$3,972,939 which are included in other receivables as of October 31, 2010. The City expects to collect all receivables within the subsequent year except for loans receivable in the Community Development Activities Fund. These loans receivable are payable over a number of years based on the individual loan agreements. As of October 31, 2010, the City's property taxes receivable is net of an allowance for uncollectible accounts of \$1,800,000.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at October 31, 2010, were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 977,619	\$ 1,805,017	\$ 369,813	\$ 3,152,449
School Unrestricted Fund	10,913,869	424,678	15,070	11,353,617
Other Governmental Funds	996,958	-	257,235	1,254,193
	<u>\$ 12,888,446</u>	<u>\$ 2,229,695</u>	<u>\$ 642,118</u>	<u>\$ 15,760,259</u>
Business-Type Activities:				
Water Fund	\$ 1,435,197	\$ 90,407	\$ -	\$ 1,525,604
Water Pollution Control Fund	3,752,579	10,666	-	3,763,245
	<u>\$ 5,187,776</u>	<u>\$ 101,073</u>	<u>\$ -</u>	<u>\$ 5,288,849</u>

NOTE 13 – 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 19. 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. The City implemented GASB Statement No. 45 in fiscal year 2009 on a prospective basis.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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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:

- Police and Fire – retirees with at least 10 years of service are eligible at age 60; retirees with at least 20 years of service are eligible at any age
- Teachers 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 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 20 years of creditable service are eligible at age 62; retirees with at least 29 years of creditable service are eligible at age 62
- General Employees – retirees with at least 10 years of service are eligible at age 58; retirees with at least 20 years of service are eligible at age 50; retirees with at least 30 years of service are eligible at any age
- 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 or 5 years of service for general employees and teachers
- Pre-Retirement Death – police and fire – service-related – surviving spouse eligible at any age; police and fire – non-service related – surviving spouse eligible after 3 years of service; general employees and teachers – surviving spouse is eligible
- Post-Retirement Death – surviving spouse eligible

Police, Fire and City General Employees – Medical and prescription drug benefits and group life insurance of \$5,000 are provided to eligible retirees until age 65 or 3 years after retirement, whichever is later. Disabled police and firefighters receive benefits for life. Medical and prescription drug benefits are payable to a spouse until age 65 or 3 years after the retiree dies, whichever is later. Retirees do not contribute to post employment benefits.

Teachers and School General Employees – Medical and prescription drug benefits, dental benefits, and group life insurance of \$25,000 are provided to eligible retirees. Medical, prescription drug, and dental benefits cease upon attainment of age 65. Life insurance benefits cease upon attainment of age 70 (teachers, teachers assistants, principals and administrators), age 75 (custodians), or age 80 (secretaries). Benefits are payable to a spouse until attainment of age 65. Benefits are fully paid for the retiree to age 65. Benefits to spouses are paid as follows:

- Teachers – Spouses receive fully paid coverage for 2 years following retirement. After that point, spouses can continue coverage by paying retiree contributions based on date of retirement
- Teacher Assistants – Spouses receive fully paid coverage for 1 year following retirement
- Principals, Administrators, Custodians, and Secretaries – Spouses receive fully paid coverage until retiree's age 65

CITY OF EAST PROVIDENCE, RHODE ISLAND
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October 31, 2010

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical and life insurance benefits. For the year ended October 31, 2010, the plan operated on a pay-as-you-go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended October 31, 2010, the City contributed \$2,755,302 to the plan and the School Department contributed \$3,784,314.

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 ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost 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:

	<i>City</i>	<i>School</i>
Annual required contribution (ARC)	\$5,138,868	\$2,029,870
Interest on net OPEB obligation	119,795	(112,237)
Adjustment to annual required contribution	(87,625)	75,263
Annual OPEB cost	5,171,038	1,992,896
Contributions made	(2,755,302)	(3,784,314)
Increase (decrease) in net OPEB obligation	2,415,736	(1,791,418)
Net OPEB obligation (asset), beginning of year	2,395,890	(1,402,957)
Net OPEB obligation (asset), end of year	\$4,811,626	\$(3,194,375)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2010 are as follows:

	<i>Fiscal Year Ended</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
City	10/31/10	\$5,171,038	53.3%	\$4,811,626
City	10/31/09	\$4,906,416	51.2%	\$2,395,890
School	10/31/10	\$1,992,896	189.9%	\$(3,194,375)
School	10/31/09	\$2,045,165	168.6%	\$(1,402,957)

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Funded Status and Funding Progress

The funded status of the City's plan as of October 31, 2009, the most recent actuarial valuation, is as follows:

	<i>City</i>	<i>School</i>
Actuarial Accrued Liability (AAL)	\$78,291,702	\$27,709,764
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	\$78,291,702	\$27,709,764
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Annual Covered Payroll (Active Plan Members)	N/A	N/A
UAAL as a Percentage of Covered Payroll	N/A	N/A

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 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.

The annual required contribution for fiscal 2010 was determined as part of the October 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. Under this funding method, the recommended annual contributions consist of two pieces: normal cost plus a payment towards the unfunded accrued liability. The accrued liability is determined directly as the present value of benefits accrued to date, where the accrued benefit for each member is the pro-rata portion (based on service to date) of the projected benefit payable at death, disability, retirement or termination. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The actuarial assumptions included: a) investment rate of return -5%, assuming pay-as-you-go basis for City and 8%, prefunded scenario for School; b) medical/drug cost trend rate -9% decreasing by 0.75% for 5 years and by 0.50% for 1 year to an ultimate level of 5% per year; c) dental trend rate (School only) -5%; and d) administrative expense trend rate (School only) -4%. The unfunded actuarial accrued liability as of October 31, 2009 is being amortized using level percent 30-year open amortization (payments increasing at 4.5%).

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

NOTE 14 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

On January 5, 2009 the East Providence School Committee implemented rollbacks in compensation for its certified teachers, members of the East Providence Education Association (“Union”), pursuant to RI General Laws 16-2-9(d), to avoid a deficit in fiscal year 2009. This action resulted in the Union filing unfair labor practice charges, and a complaint by the Rhode Island Labor Relations Board against the School Committee. The Union also filed for arbitration challenging several aspects of the Committee’s actions and issued a complaint with the Rhode Island Department of Labor and Training.

The RI Labor Relations Board ruled in August 2009 that no further action would take place pending the outcome of the litigation in Superior Court described below. The parties to the arbitration proceedings also agreed to hold any further action until the Superior Court issued a decision in the litigation described below.

The School Committee filed a complaint on March 12, 2009, seeking declaratory relief pursuant to RI General Law 9-30-1 asking the RI Superior Court to construe relevant provisions of the applicable RI General Laws with respect to the School Committee’s action to avoid a deficit by implementation of the rollbacks. The Superior Court ruled in favor of the School Committee on March 15, 2010. The Union has appealed the ruling and the School Committee has filed a cross-appeal. The matter is pending before the RI Supreme Court.

At this time, the City is unable to determine the possible outcome of the arbitration challenging specific aspects of the rollback in compensation or the complaints filed with the RI Labor Relations Board or the RI Department of Labor and Training.

During the ordinary course of its operations, the City is also 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.

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, 2010 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 except as follows.

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In December 2009 the RI Department of Education completed an audit of the William Perkins Career and Technical grant funds expended by the East Providence Career and Technical Center. The audit objective was to determine if the East Providence School Department had systems that complied with the program and financial standards required by recipients of federal funds under the Education Department General Administrative Requirements (ED GAR) 34 CFR Part 80 “Uniform Administrative Requirements for Grants and Cooperative Agreements”, and the Office of Management and Budget (OMB) Circular A-87 Allowable Costs. The audit resulted in questioned cost findings of approximately \$320,000. At this time the City is unable to determine the amount of questioned costs, if any, that will be required to be repaid to the federal funding agency.

NOTE 15 – 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 used Beacon Mutual as its third-party administrator.

NOTE 16 – SUBSEQUENT EVENTS

- A.** On December 2, 2010 the City issued \$32,000,000 in General Obligation Tax Anticipation Notes. The notes bear interest of 1.5% and mature on July 14, 2011.
- B.** On November 3, 2010 the City entered into a lease agreement in the amount of \$7,777,000 with RI Health and Educational Building Corp. The lease bears interest of 6.39% and matures on May 15, 2012 – May 15, 2025.

NOTE 17 – COMMITMENTS

- A.** 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 is 10 years with an option to extend for an additional 10 years. The fixed design/build prices are as follows: plant \$20,884,861 and collection system \$24,730,993. The agreement also provides for the payment of monthly fees to United Water for the operation of the system which have fixed and variable components.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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- B.** On September 15, 2010 the School Department entered an agreement with Johnson Controls Inc. in the amount of \$11,658,134 for improvements to various school facilities.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following prior period adjustments were recorded in the Government-Wide Financial Statements:

	<i>Governmental Activities</i>
Net assets as reported October 31, 2009	\$17,308,095
Correct prior year expenses	(137,934)
Correct prior year capital assets and accumulated depreciation	(155,567)
Correct prior year capital lease not recorded	(67,376)
Net assets as restated October 31, 2009	\$16,947,218

The following prior period adjustments were recorded in the Governmental Fund Financial Statements:

	<i>School Unrestricted Fund</i>	<i>Other Governmental Funds</i>
Fund balances (deficits) as reported October 31, 2009	\$(6,191,830)	\$4,437,220
Correct for prior year expenditure recorded in incorrect fund	(137,934)	137,934
Correct prior year receivable and revenue	-	(137,934)
Fund balances (deficits) as restated October 31, 2009	\$(6,329,764)	\$4,437,220

NOTE 19 – PENSION PLANS

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

All City of East Providence certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended October 31, 2010 was \$32,959,856, which consisted of \$1,178,306 for employees charged to federal programs and \$31,781,550 for all other employees.

The State of Rhode Island Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapter 16-16. All East Providence School Department certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation and are regularly employed on at least a half time basis. Superintendents, principals, business agents and other administrators participate as teachers. Employees are vested in their retirement benefits upon completion of 10 years of service.

Retirement Eligibility:

(i) Grandfathered Schedule A members – members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009 – are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

(ii) Schedule B members – members with less than 10 years of contributory service as of June 30, 2005 – and members hired on or after that date are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member’s age of retirement.

(iii) Schedule A members who are not grandfathered - members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009 - will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (ii) above. The interpolation is based on service as of September 30, 2009 divided by projected service at the retirement age under (i) above.

Monthly Benefit:

The retirement benefit is a percentage of the member’s monthly final average compensation (FAC). For members eligible to retire as of September 30, 2009, their FAC will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount. The percentage is a function of the member’s service as described below.

(i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement as September 30, 2009), benefits are based on the following schedule (Schedule A):

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
The first 10 years of service	1-10	1.7% per year
The next 10 years of service	11-20	1.9% per year
The next 14 years of service	21-34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

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(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
The first 10 years of service	1-10	1.6% per year
The next 10 years of service	11-20	1.8% per year
The next 5 years of service	21-25	2.0% per year
The next 5 years of service	26-30	2.25% per year
The next 14 years of service	31-37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered (members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009) benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

Post-Retirement Benefit Increase:

(i) For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that date (Schedule A members): a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.

(ii) For other members (Schedule B members) who retired or were eligible to retire as of June 30, 2010: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.

(iii) For other members (Schedule B members) who were not retired or were not eligible to retire as of June 30, 2010: a compound increase in their first \$35,000 of annual retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the later of the member's third anniversary of retirement and the month following their 65th birthday. This increase is limited to 3.00%. Additionally, the \$35,000 annual COLA limit is applicable for benefits paid in 2010 and would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI for the year, not greater than 3.0%).

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Funding Policy

Covered employees are required by State Statute to contribute 9.5% of their salary to the plan. The State and the School Department are required to contribute an amount determined annually by the actuary and as provided by State Statute. The split between State and the School Department is specified by State Statute.

The contribution requirement for fiscal 2009-2010 is 19.01%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. However, the State will pay the total cost of the contribution deferrals which were .26%. This results in a contribution requirement for the School of 11.25% and a contribution requirement for the State of 7.76%.

The State contribution for the cut off year ended October 31, 2010 was \$2,466,248, which represented 7.48% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on behalf of payments and are reported as a revenue and as an expenditure in the financial statements. The contribution requirement for the cut off year ended October 31, 2010 was \$6,930,611, which consisted of \$3,799,424 from the School Department and \$3,131,187 from employees. These contributions represented 11.53% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2007 and June 30, 2008 actuarial valuations respectively.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contribution represented 3.16% of total contributions required of all participating entities.

Trend Information

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Percentage Contributed</i>
10/31/08	\$5,043,338	100%
10/31/09	3,952,964	100%
10/31/10	3,799,424	100%

B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

The City of East Providence participates in the Municipal Employees' Retirement System ("MERS"), an agent multiple-employer defined benefit plan administered by the State of Rhode Island. All City employees except police officers, firefighters and certified school personnel participate in the System.

The payroll for employees covered by the MERS for the year ended October 31, 2010 was \$17,860,773.

The State of Rhode Island's Municipal Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information (RSI). That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

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Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 45, Chapter 19, 19.1, 21, 21.1, 21.2 and 21.3 and may be amended by State Statute. The MERS generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number years of total service up to 37.5 years, with a maximum benefit of 75% of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-service connected disability benefits after 5 years of service, service connected disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits upon the completion of 10 years of service. Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year beginning January 1 following the member's retirement. The City has elected COLA provision B.

Funding Policy

General employees are required by State Statute to contribute 6% of their annual earnings. The contribution rate is increased to 7% with the optional cost-of-living provision. The City is required to contribute based on an actuarially determined amount and as provided by State Statute for each participating municipality. The City's rate for fiscal year 2009-2010 was 16.04% for the period November 1, 2009 through June 30, 2010 and 15.26% for the period July 1, 2010 through October 31, 2010.

Annual Pension Cost

For 2009-2010, the City's annual pension cost of \$2,822,394 for the MERS was equal to the City's required and actual contributions.

Three-Year Trend Information

General Municipal Employees

<i>Fiscal Year</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2008	\$2,943,391	100%	\$ -
2009	2,998,698	100%	-
2010	2,822,394	100%	-

The required contribution was determined as part of the June 30, 2007 and June 30, 2008 actuarial valuations. The actuarial method used is the entry age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability. Significant actuarial assumptions used in the June 30, 2007 and June 30, 2008 valuations include the following:

CITY OF EAST PROVIDENCE, RHODE ISLAND
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- 1) Investment return – 8.25%, compounded annually, composed of an assumed 3.0% inflation rate and a 5.25% net real rate of return
- 2) Projected salary increases – a service related component, plus a 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase)
- 3) Cost of living adjustment – 3%, not compounded

The actuarial value of assets is based on market value of assets with a five year phase-in of actual investment return in excess of (less than) expected investment income. The MERS' unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2007 and June 30, 2008 was 22 years and 21 years, respectively.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the general employees plan was 67.3% funded. The actuarial accrued liability for benefits was \$94,579,444, and the actuarial value of assets was \$63,607,593, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,971,851. The covered payroll (annual payroll of active employees covered by the plan) was \$17,851,998, and the ratio of the UAAL to the covered payroll was 173.5%. The June 30, 2009 actuarial valuation used the same methods and assumptions described above under “annual pension cost.”

The schedule of funding progress, presented as 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 liability for benefits.

C. POLICE AND FIREFIGHTERS PENSION PLAN

Plan Description

The Police and Firefighters Pension Plan of the City of East Providence (the Plan) is a contributory, single-employer, defined benefit plan that was established on November 1, 1961 under Chapter 357 of the City Ordinances of the City of East Providence, Rhode Island. It is directed and operated by a Board of Trustees consisting of the City Manager, the Director of Finance of the City and one representative each from the Fire Department, Police Department, City Council, Retiree from the Police or Fire Departments, and General Public. Bank of America is trustee of the Plan's investment funds that are managed by Bank of America, Income Research Management, Loomis Sayles, Vanguard, Blackrock Global, Rhumblin, Artio Global Investors, LSV Investment Advisors, Edgewood Management and State Street Global Advisors. Bank of America maintains custody of some of these funds and is responsible for the maintenance of the primary accounting functions. For financial reporting purposes, the Police and Firefighters Pension Plan are included as a Pension Trust Fund in the City of East Providence, Rhode Island's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police and Firefighters Pension Plan.

All members of the Police and Fire Departments of the City of East Providence are covered by this plan. The City's payroll for employees covered by the Plan for the year ended October 31, 2010 was \$11,666,683.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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As of October 31, 2009, employee membership data related to the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	232
Active plan members	<u>202</u>
	<u>434</u>

Benefit Provisions

The benefit provisions of the Plan were established and may be amended by City Ordinance and are as follows:

Service Retirement

Participants may take normal retirement at the earlier of attaining age 60 and completing 10 years of credited service or upon completing 20 years of credited service. Annual benefits under the first alternative are based on 2% of salary for each year of credited service to a maximum of 70% of salary. Annual benefits under the second alternative are based on 2 1/2% of salary for each of the first 24 years of credited service, plus 2% of salary for each additional year of credited service for years 25 to 28, plus 1% of salary for years 29 and 30, to a maximum of 70% salary.

Disability Retirement

Active participants that are disabled by a service related act are eligible for disability retirement. Annual benefits are based on 66 2/3% of salary at time of disability plus 10% of salary for each child under age 18 to a maximum of 80% of salary. If a participant is disabled by a nonservice related act and has 10 years of credited service, he or she is also eligible for disability retirement. Under these circumstances, annual benefits are based on 1 3/4% of salary at time of disability for each year of service to date of disability, with a minimum benefit of 25% of salary, and maximum benefit of 50% of salary. If credited service at date of disability is twenty years or more, at age 55 the participant is entitled to a service retirement annuity.

Termination of Service Prior to Retirement

Any member withdrawing from service prior to being eligible for normal service retirement, but having completed at least 10 years of credited service, is entitled to a deferred annual benefit beginning at age 55. Those who terminate service prior to satisfying the vesting requirements will be entitled to a return of their contributions without interest.

Death Benefits

If an active participant dies from an act of duty, the beneficiary will receive the death benefits based on the marital and dependent status at time of death. With a surviving spouse, death benefits will be paid equal to 50% of salary at time of death, plus 10% of salary for each child under age 18 to a maximum of 70% of salary. Without a surviving spouse, death benefits will be paid equal to 15% of salary at time of death for each child under the age of 18 to a maximum of 60% of salary.

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If an active participant dies from a nonservice related act and has 3 years of credited service, death benefits will be paid equal to 30% of salary increased by 1% for each year of service in excess of 3 years, to a maximum of 50% of salary and beginning at the surviving spouse's age 55, plus 10% of salary for each child under age 18 to a maximum of 60%, with benefits to spouse and children under age 18 beginning immediately.

With respect to a spouse's death benefit, the benefits described above will be paid, or 67.5% of the final pension payment will be paid if this provides a higher benefit payment.

Cost of Living Adjustments

For police officers, participants who retired between November 1, 1982 and November 1, 1984 receive 3% compounded cost of living increases annually, while participants who retired after November 1, 1994, receive 3% compounded cost of living increases annually at or after age 51. After October 1, 1995, an annual 3% compounded cost of living increase is extended to disabled police officers prior to age 51. For firefighters, participants who retired after November 1, 1985 receive 3% compounded cost of living increases annually at or after age 51. Participants who retired after November 1, 1989 receive 3% compounded cost of living increases annually regardless of age.

Funding Policy

The contribution requirements were established and may be amended by City Ordinance. City Ordinance requires that the City contribute the normal cost plus a payment towards the unfunded actuarial accrued liability, which is referred to as the City's customary contribution. During 1992, management of the Plan instructed the actuary to calculate payments on the unfunded accrued liability, which will be sufficient to completely amortize it over periods of 15-30 years, depending on events that caused the unfunded liability. Effective October 31, 2007, a new amortization period of 30 years has been implemented. Police officers and firefighters contribute to the Plan in accordance with their union contracts. Police officers and firefighters currently contribute 8% of compensation to the Plan.

Based on the above, the City's customary contribution requirement for the plan year beginning November 1, 2009 is developed as follows:

	<u><i>Police</i></u>	<u><i>Fire</i></u>	<u><i>Total</i></u>
Normal Cost	\$ 785,420	\$ 954,479	\$1,739,899
Amortization of unfunded actuarial accrued liability	<u>1,349,431</u>	<u>1,591,815</u>	<u>2,941,246</u>
<i>Total City customary contribution</i>	<u>\$2,134,851</u>	<u>\$2,546,294</u>	<u>\$4,681,145</u>

The City made contributions in fiscal year 2010 of \$1,400,002 which is substantially less than the City's customary contribution shown above.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the accounting period in which they are due. Contributions from the City are recognized when due and when the City has made a formal commitment to provide the contributions. Expenses are recognized in the period in which they are incurred. Benefit payments to participants are recorded upon distribution.

Investment Valuation and Income Recognition

Investments are recorded at fair value as determined by quoted market prices. Short-term investments are reported at amortized cost, which approximates fair value. Purchases and sales of investment securities are accounted for on the trade date. The first-in, first-out method is used for determining the cost of investments in computing the realized gain or loss on sale.

Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on the accrual basis at the stated interest rates of the related debt securities.

Annual Pension Cost & Net Pension Obligation

The City's annual pension cost and net pension obligation calculated in accordance with GASB Statement No. 27 for the Plan for fiscal year 2010 are as follows:

Annual required contribution (ARC)	\$6,878,284
Interest on NPO	3,010,756
Adjustments to ARC	<u>(3,188,317)</u>
Annual pension cost (APC)	6,700,723
Contributions made	<u>(1,400,002)</u>
Increase in net pension obligation	5,300,721
Net pension obligation, beginning of year	<u>35,420,660</u>
Net pension obligation, end of year	<u><u>\$40,721,381</u></u>

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
10/31/08	\$4,677,951	33%	\$30,754,775
10/31/09	6,233,101	25%	35,420,660
10/31/10	6,700,723	20%	40,721,381

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
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The City's annual required contribution to the Plan was determined as part of the October 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. Under this method, the actuarial accrued liability which is re-determined for each active participant as of each valuation date represents the present value of benefits earned prior to the valuation date based on service as of the valuation date and projected benefits at expected date of retirement. The unfunded actuarial accrued liability represents the excess of the actuarial accrued liability over the valuation assets. The normal cost represents the actuarial present value of the unit of benefit (based on benefits at expected date of retirement) to be earned in the valuation year by each active participant included in the valuation. When calculating the annual required contribution in accordance with GASB Statement No. 27, the unfunded actuarial accrued liability (UAAL) is amortized on a level percentage of pay basis over a 30-year closed period.

Significant actuarial assumptions used in the October 31, 2009 actuarial valuation included:

- a) Interest – 8.5% per annum.
- b) Salary increases – 5% per year.
- c) Cost of living adjustments – 3% per year, compounded, for the appropriate categories of retired members.
- d) Asset value – adjusted value of assets determined by a 5 year average of investment gains (losses) subject to a corridor limitation of 120% of market value.

Funded Status and Funding Progress

As of October 31, 2010, the most recent actuarial valuation date, the plan was 47.8% funded. The actuarial accrued liability for benefits was \$124,590,000, and the actuarial value of assets was \$59,600,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$64,990,000. The covered payroll (annual payroll of active employees covered by the plan) was \$11,770,000, and the ratio of the UAAL to the covered payroll was 552.2%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund and School Unrestricted Fund

Schedule of Funding Progress - Pension Plan and Other Post Employment Benefit Plan

Schedule of Annual Required Contributions – Pension Plan

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended October 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$80,913,975	\$80,913,975	\$85,068,255	\$ 4,154,280
Interest				
Interest on taxes	550,000	550,000	548,744	(1,256)
Interest on investments	50,000	50,000	9,356	(40,644)
Total interest	<u>600,000</u>	<u>600,000</u>	<u>558,100</u>	<u>(41,900)</u>
Departmental				
Licenses and permits	1,099,000	1,099,000	1,122,687	23,687
Fines and penalties	46,000	46,000	37,604	(8,396)
Charges for services	672,492	672,492	681,977	9,485
Revenue from City agencies	210,000	210,000	219,906	9,906
Total departmental	<u>2,027,492</u>	<u>2,027,492</u>	<u>2,062,174</u>	<u>34,682</u>
Intergovernmental	<u>7,521,300</u>	<u>7,521,300</u>	<u>7,669,068</u>	<u>147,768</u>
Appropriated surplus	<u>2,777,200</u>	<u>2,777,200</u>	-	<u>(2,777,200)</u>
Total revenues	<u>93,839,967</u>	<u>93,839,967</u>	<u>95,357,597</u>	<u>1,517,630</u>
Expenditures				
Current:				
General Government:				
City council	70,665	70,665	59,178	11,487
City manager	337,317	337,317	317,375	19,942
Information technology	469,332	469,332	439,406	29,926
City clerk	621,245	621,245	578,820	42,425
Finance director	155,824	155,824	203,691	(47,867)
Control and accounts	328,097	328,097	327,699	398
Treasury - MIS	148,373	148,373	134,222	14,151
Treasury	623,674	623,674	607,296	16,378
Purchasing	191,992	191,992	183,759	8,233
Assessment	711,622	711,622	675,769	35,853
Planning	689,924	689,924	606,579	83,345
Personnel and emergency management	459,193	459,193	409,576	49,617
Affirmative action	108,158	108,158	106,238	1,920
Law	401,979	401,979	435,839	(33,860)
Canvassing	196,801	196,801	189,159	7,642
Total general government	<u>5,514,196</u>	<u>5,514,196</u>	<u>5,274,606</u>	<u>239,590</u>
Public Safety:				
Police	11,541,263	11,541,263	11,286,628	254,635
Fire	11,904,411	11,904,411	12,270,691	(366,280)
Building inspection	736,408	736,408	602,712	133,696
Animal control	337,672	337,672	314,453	23,219
Total public safety	<u>24,519,754</u>	<u>24,519,754</u>	<u>24,474,484</u>	<u>45,270</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)

General Fund

For the Fiscal Year Ended October 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works				
Director	214,233	214,233	214,065	168
Engineering	670,364	670,364	650,368	19,996
Highway	2,932,879	2,932,879	2,818,274	114,605
Central garage	799,745	799,745	762,425	37,320
Streetlights	625,000	625,000	774,139	(149,139)
Public buildings	1,272,566	1,272,566	1,323,081	(50,515)
Total public works	<u>6,514,787</u>	<u>6,514,787</u>	<u>6,542,352</u>	<u>(27,565)</u>
Sanitation				
Refuse disposal	2,751,699	2,751,699	2,719,180	32,519
Total sanitation	<u>2,751,699</u>	<u>2,751,699</u>	<u>2,719,180</u>	<u>32,519</u>
Public Libraries	<u>2,257,993</u>	<u>2,257,993</u>	<u>2,203,878</u>	<u>54,115</u>
Parks and Recreation				
Parks	1,267,946	1,267,946	1,198,589	69,357
Recreation	1,063,742	1,063,742	1,066,448	(2,706)
Senior center	390,352	390,352	359,045	31,307
Total parks and recreation	<u>2,722,040</u>	<u>2,722,040</u>	<u>2,624,082</u>	<u>97,958</u>
Miscellaneous	<u>5,149,563</u>	<u>5,149,563</u>	<u>5,617,806</u>	<u>(468,243)</u>
Contingency	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Debt Service				
Interest	371,123	371,123	371,123	-
Principal	1,533,726	1,533,726	1,533,726	-
Total debt service	<u>1,904,849</u>	<u>1,904,849</u>	<u>1,904,849</u>	<u>-</u>
Total expenditures	<u>51,364,881</u>	<u>51,364,881</u>	<u>51,361,237</u>	<u>3,644</u>
Excess of revenues over expenditures before other financing sources and uses	<u>42,475,086</u>	<u>42,475,086</u>	<u>43,996,360</u>	<u>1,521,274</u>
Other financing sources and uses				
Transfers from other funds:				
Rescue fee	800,000	800,000	800,000	-
Recycling bags	95,000	95,000	95,000	-
Vehicle detail fee	350,000	350,000	275,000	(75,000)
Library grant in aid	305,000	305,000	305,000	-
Smoke detector	-	-	10,000	10,000
Transfers to other funds:				
Assistance to firefighters fund	-	-	(10,775)	(10,775)
School unrestricted fund - City appropriation	(43,525,086)	(43,525,086)	(43,525,086)	-
School unrestricted fund - deficit reduction	(500,000)	(500,000)	(587,603)	(87,603)
Total other financing sources and uses	<u>(42,475,086)</u>	<u>(42,475,086)</u>	<u>(42,638,464)</u>	<u>(163,378)</u>
Net change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,357,896</u>	<u>\$ 1,357,896</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND
School Unrestricted Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended October 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 30,389,802	\$ 30,389,802	\$ 26,551,023	\$ (3,838,779)
Total revenues	<u>30,389,802</u>	<u>30,389,802</u>	<u>26,551,023</u>	<u>(3,838,779)</u>
Expenditures				
Education	73,914,888	73,914,888	70,650,735	3,264,153
Deficit reduction	500,000	500,000	587,603	(87,603)
Total expenditures	<u>74,414,888</u>	<u>74,414,888</u>	<u>71,238,338</u>	<u>3,176,550</u>
Deficiency of revenues under expenditures before other financing sources	<u>(44,025,086)</u>	<u>(44,025,086)</u>	<u>(44,687,315)</u>	<u>(662,229)</u>
Other financing sources				
Transfers from General Fund - City appropriation	43,525,086	43,525,086	43,525,086	-
Transfers from General Fund - deficit reduction	500,000	500,000	587,603	87,603
Total other financing sources	<u>44,025,086</u>	<u>44,025,086</u>	<u>44,112,689</u>	<u>87,603</u>
Net change in fund balance - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (574,626)</u>	<u>\$ (574,626)</u>

The notes to required supplementary information are an integral part of this schedule.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Required Supplementary Information - Pension Plans and Other Post Employment Benefit Plans

Schedule of Funding Progress (1)

"Unaudited"

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)/ (Funding Excess)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</u>
Municipal Employees Retirement System (2)	06/30/2007	\$ 58,865,692	\$ 87,210,070	\$ 28,344,378	67.5%	\$ 18,398,786	154.1%
	06/30/2008	63,830,490	90,948,017	27,117,527	70.2%	18,754,676	144.6%
	06/30/2009	63,607,593	94,579,444	30,971,851	67.3%	17,851,998	173.5%
Police and Firefighters Pension Plan (3)	10/31/2005	\$ 70,750,000	\$ 99,590,000	\$ 28,840,000	71.0%	\$ 11,260,000	256.1%
	10/31/2006	73,760,000	105,480,000	31,720,000	69.9%	11,910,000	266.3%
	10/31/2007	79,300,000	111,250,000	31,950,000	71.3%	13,190,000	242.2%
	10/31/2008	65,470,000	114,670,000	49,200,000	57.1%	12,970,000	379.3%
	10/31/2009	62,970,000	120,060,000	57,090,000	52.4%	12,580,000	453.8%
	10/31/2010	59,600,000	124,590,000	64,990,000	47.8%	11,770,000	552.2%
Other Post Employment Benefit Plan - City (3)	10/31/2009	\$ -	\$ 78,291,702	\$ 78,291,702	0.0%	N/A	N/A
Other Post Employment Benefit Plan - School (3)	10/31/2009	\$ -	\$ 27,709,764	\$ 27,709,764	0.0%	N/A	N/A

(1) The information included in the schedule of funding progress was obtained from the actuarial valuation at the date indicated.

(2) Entry age actuarial cost method.

(3) Projected unit credit actuarial cost method.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Required Supplementary Information
Police and Firefighters Pension Plan
Schedule of Annual Required Contributions
"Unaudited"*

<u><i>Year Ended October 31,</i></u>	<u><i>Annual Required Contribution</i></u>	<u><i>Percentage Contributed</i></u>
2005	\$3,931,287	20%
2006	4,192,401	23%
2007	4,595,332	33%
2008	4,830,497	32%
2009	6,256,502	25%
2010	6,878,284	20%

- (1) The annual required contribution was obtained from a separate valuation prepared by the actuaries.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2010

NOTE 1 – 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 the 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 finally 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 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 any 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 by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department, or agency to another. Appropriations that are not expended or encumbered lapse at year-end.

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2010

Explanation of Differences between Budgetary Revenues and Other Financing Sources and Expenditures and Other Financing Uses and GAAP Revenues and Other Financing Sources and Expenditures and Other Financing Uses:

	General Fund	School Unrestricted Fund
<u>Revenues and Other Financing Sources</u>		
Actual amounts (budgetary basis)	\$96,842,597	\$70,663,712
Differences – budget to GAAP:		
Capital lease proceeds is a financing source for financial reporting purposes, but is not reported as a budgetary financing source.	-	75,060
The pension contributions made to the Employees Retirement System by the State on behalf of the City of East Providence are not reported as a budgetary revenue, but are a current year revenue for financial reporting purposes.	-	2,466,248
	<u>\$96,842,597</u>	<u>\$73,205,020</u>
	General Fund	School Unrestricted Fund
<u>Expenditures and Other Financing Uses</u>		
Actual amounts (budgetary basis)	\$95,484,701	\$71,238,338
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. To adjust for change in encumbrances.	35,663	-
Capital expenditures financed by capital leases are reported as an expenditure for financial reporting purposes, but are not a budgetary basis expenditure.	-	75,060
The pension contributions made to the Employees Retirement System by the State on behalf of the City of East Providence are not reported as a budgetary expenditure, but are a current year expenditure for financial reporting purposes.	-	2,466,248
The appropriated use of budgeted surplus to reduce the School Unrestricted Fund deficit is a budgetary expenditure but is not a current year expenditure for financial reporting purposes.	-	(587,603)
	<u>\$95,520,364</u>	<u>\$73,192,043</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
"Unaudited"

NOTE 2 - SCHEDULE OF FUNDING PROGRESS

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

	<u>Municipal Employees Retirement System</u>	<u>Police and Firefighters Pension Plan</u>	<u>Other Post Employment Benefit Plan</u>
Valuation date	June 30, 2009	October 31, 2010	October 31, 2009
Actuarial cost method	Entry Age	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll - closed	Level percentage of pay over a closed period	Level percentage over an open period (payments increasing at 4.5%)
Amortization period	30 years from June 30, 1999, or 20 years as of the valuation date	30 years	30 years
Asset valuation method	Market value of assets with a five year phase in of actual investment return in excess of (less than) expected investment income	Adjusted value of assets determined by a five year average of investment gains (losses) subject to a corridor limitation of 120% of market value	Market value
Actuarial assumptions: Investment rate of return	8.25% per annum, compounded annually, composed of an assumed 3% inflation rate and a 5.25% net real rate of return	8.5% per annum	City - 5%, pay-as-you-go scenario School - 8%, pre-funded scenario
Projected salary increases	A 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase) plus a service- related component	5% per year	Not applicable
Cost-of-living adjustments	3%, not compounded	3%, compounded	Not applicable
Medical/prescription drug trend rate	Not applicable	Not applicable	9% decreasing by 0.75% for 5 years and by 0.5% for 1 year to an ultimate level of 5% per year
Dental trend rate	Not applicable	Not applicable	5% per year (School only)
Administrative expense trend rate	Not applicable	Not applicable	4% per year (School only)
Participant information	Active employees 436 Retirees and beneficiaries 359 <u>795</u>	Active employees 185 Retirees and beneficiaries 243 <u>428</u>	City School Active employees 436 627 Retirees and beneficiaries 283 385 <u>719 1012</u>

OTHER SUPPLEMENTARY INFORMATION

**The information
provided herein contains
schedules which the City deems
necessary to provide additional disclosures.**

THIS SECTION CONTAINS THE FOLLOWING:

Combining Fund Financial Statements for Nonmajor Governmental Funds

Combining Statement of Net Assets for Agency Funds

Other Supplementary Information

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE CITY
ARE REPORTED IN THIS SECTION:**

**Special Revenue Funds
are used to account for
resources allocated to specific
purposes. A Special Revenue Fund
continues in existence as long as governmental
resources are allocated to its specific purposes.**

School Restricted Fund – This fund was established to account for the receipt and disbursement of State and Federal Grants for education.

School Career Center – This fund was established to account for fees for classes and services provided by the Career Center and the related expenditures.

School Lunch Fund – This fund was established to account for the fees, Federal and State reimbursements, and related expenditures for the School's food service program.

School Technology Improvement – This fund accounts for monies received from NYNEX for use by the School Department for technology improvement.

Animal Shelter – This fund accounts for donations received for the animal shelter.

Assistance to Firefighters – This fund was established to account for receipts from the U.S. Department of Homeland Security for emergency preparedness.

Aqua Fund WPC – This fund accounts for City's chlorometer/dechlorination system project being funded by RIDEM (90%) and the City of East Providence (10%).

Bold Point Park – This fund accounts for an additional coastal zone management project.

Byrne/JAG Grants – These funds were established to account for Federal Byrne/JAG grants.

Central Park Coalition – This fund accounts for monies received as a State grant for park projects.

CERT – The Community Emergency Response Team fund is to account for donations received to purchase supplies to further the efforts of the CERT volunteers.

Champlin Weaver – This fund accounts for money appropriated by the Champlin Foundation for specific purposes benefiting the City.

Community Development Activities – This fund accounts for the activity of the City's Community Development program, which is administered through the Federal government.

Curbing Replacement – This fund accounts for monies received for curbing assessments to be used for future replacement of curbs.

Cops Program / Burglar Program – This fund accounts for a partnership between the Planning Department and the Police Department to analyze home burglaries and make recommendations for preventative programs.

Crescent Park Carousel – This fund accounts for monies earned through donations and rides to be used for carousel preservation.

Debt Service Reserve East Pointe – This fund accounts for the debt service reserve held for the East Pointe loan.

Emergency Management Program – This fund accounts for contributions from the Federal government for eligible, necessary and essential expenditures for the proper and efficient administration of the Civil Defense Program.

Energy Grant – This fund accounts for the State energy grant.

Energy Study and Improvement – This fund accounts for the Federal energy grant.

Escrow Pending Forfeiture – This fund accounts for an interest bearing escrow account for all funds held by the Police Department for forfeiture.

Fire Decon Grant – This fund was established to account for Federal monies received for hazmat equipment and training.

Fire Department Boat – This fund accounts for donations to purchase a boat for the Fire Department.

Fire UASI and Fire Port Security – These funds account for Federal homeland security grants to purchase boats.

Fire Prevention and Safety – This fund accounts for the Federal fire prevention and safety grant.

Forfeited Drugs State Fund – This fund accounts for monies received from the State for drug raids and seizures, which are restricted and to be used only for anti-drug related activities.

Forfeited Drug Monies – This fund accounts for monies received from the Federal government for drug raids and seizures, which are restricted and to be used only for anti-drug related activities.

Friends of Ancient Little Neck Cemetery – This fund accounts for the upkeep of Little Neck Cemetery.

Fuller Library Grant – This fund accounts for the grant received from the State of Rhode Island for books for the visually impaired.

Girl Scout House Refurbishment – This fund accounts for monies received to renovate the Girl Scout House.

Harbormaster – This fund accounts for funds collected through mooring fees which are used to monitor the safety of the harbor.

Historic Properties Commission – This fund accounts for monies received from the East Providence Chamber of Commerce to design, produce and sell at retail a "Historic East Providence" poster.

Historical Records Preservation – This fund accounts for the indexing and summarization of land evidence records and book repairing of historical records.

Homeland Security - Fire – This fund accounts for the Federal homeland security grant for the Fire Department.

Homeland Security - Police – This fund accounts for the Federal homeland security grant for the Police Department.

Homeless Shelter – This fund accounts for donations for the East Providence homeless shelter.

Hunts Mill Reuse – This fund accounts for monies set aside to study alternatives for reusing Hunts Mill.

LEPC/Hazmat – This fund accounts for billing generated monies for Hazmat purpose.

Library Change - This fund accounts for miscellaneous library and staff revenues and expenditures.

Library Donation - This fund accounts for monies donated by library patrons for the upkeep of City libraries.

Library Grant-in-Aid – This fund accounts for funds received from the State for East Providence Public Libraries.

Local Law Enforcement Block Grant – This fund accounts for enhancing security or crime prevention and the hiring and employment of new additional law enforcement officers and support personnel.

Meadowcrest School Playground – This fund accounts for funds to build a playground at Meadowcrest School.

Metropolitan Burglary Network – This fund accounts for a State grant to establish a metropolitan burglary network.

Minimum Property Code Enforcement – This fund accounts for money designated for closing any properties not meeting minimum property code regulations.

Municipal Court – This fund is used to process City ordinance and motor vehicle violations in a timely and judicious manner.

National Youth Sports Coaches Association – This fund accounts for monies reimbursed for coaches who have been certified in safety and sports specific techniques.

Personnel Higher Education – This fund received from the Rhode Island Higher Education Assistance Authority is to match work-study costs for students to work in City departments.

Pierce Stadium – This fund was established to collect deposits for the rental of Pierce Stadium. The deposits will be used for the continued maintenance and service of the stadium.

Planning & Mapping – This fund accounts for monies set aside for the Planning-Mapping Department to purchase computer hardware and software.

Police Vehicle Detail – This fund was established to account for police detail monies to be used for technology items such as computers for the Police Department.

Project DARE – This fund accounts for donations used for a cooperative effort between the East Providence School Department and the East Providence Police Department to prevent drug abuse in children and youths.

Recovery Act Byrne/JAG – This fund accounts for Federal Recovery Act Byrne/JAG grants for the Police Department.

Recreation Center – This fund accounts for monies deposited for the sole purpose of providing supplies and upgrading equipment for the Recreation Center.

Recreation League – This fund accounts for activities of the City's recreation league, including the City's annual golf tournament.

Recycling Bags – This fund accounts for the purchase and subsequent resale of recycling bags.

Rescue Service Fees – This fund accounts for the billing and collection of fees of non-residents and all people on Medicare who require rescue services by the East Providence Fire Department.

Revaluation – This fund accounts for monies designated to fund the next City revaluation.

RI Comprehensive Planning and Use Act – This fund accounts for monies received from the State to carry out activities specified under this act.

Rhode Island Health Coalition – This fund accounts for grants aimed at reducing substance abuse in East Providence.

Riverside Square Improvements – This fund accounts for a State grant for revitalization of Riverside Square.

Rose Larisa Memorial Park – This fund accounts for Federal and State grants to redevelop the park area across from the Carousel.

Senior Center – This fund accounts for monies to be used to transform the Providence Country Day School into a new senior citizens center.

Senior Center Programs – The fund accounts for funds derived from Senior Center sponsored activities.

Smoke Detector Inspection – This fund accounts for fees collected and expenditures paid in conjunction with the Fire Department's Smoke Detector Inspection Program.

Stormwater Management Phase II – The fund accounts for a State grant for the stormwater management plan.

Substance Abuse Donations – This fund accounts for donations from local organizations, businesses and community members. These funds are used to supplement the State grant to provide substance abuse prevention programs for the East Providence community.

Substance Abuse Grants – This fund accounts for the State funded program aimed at reducing substance abuse in East Providence.

Systems Improvement – This fund accounts for a State grant to assist with local law enforcement drug control.

Waterfront Commission TIF – This fund was established to account for waterfront TIF fees.

Waterfront Stormwater Study – This fund was established to account for a federal grant for a waterfront stormwater study.

**The Capital Project Funds
were established to
account for all resources used for the acquisition
and/or construction of capital facilities by the City.**

Capital Improvements – This fund accounts for general capital improvements as necessary for the City.

Economic Development Bond – This fund accounts for bonds issued for the purpose of Economic Development.

Hull Street Renovations – This fund accounts for a State grant for improvements to the Hull Street playground.

Open Space – This fund accounts for restoration projects to four recreation areas - Carousel Park, Pierce Memorial Field, Agawam/Dellefemine Park, and Bourne/Bullocks Park. These projects are partially funded by State grants.

Superior Court MP9538 – This fund accounts for money held for unclaimed land settlements.

Vintner Avenue Playground – This fund accounts for monies received from State and local sources for improvements to the Vintner Avenue Playground.

Union Primary Reserve – This fund accounts for rents received which will be used to repair and improve the former Union Primary School.

Stormwater Basin - Routine/Nonroutine – These funds account for deposits received from a developer of a subdivision that can be accessed by the City on an as-needed basis for routine and nonroutine maintenance of the stormwater basin which will be constructed on the subdivision.

Capital Lease Fund – This fund accounts for projects to be financed through the City's master lease agreement.

1999 School Bond Fund – This fund accounts for bonds issued to finance the construction of an addition to the East Providence High School and the construction of improvements and the acquisition of equipment for various schools in the City.

2000 Bond Public Works – This fund accounts for bonds issued for public works facility improvements.

2000 Bond Public Safety – This fund accounts for bonds issued for public safety facility improvements.

1999 Bond Streets & Sidewalks – This fund accounts for bonds issued for street and sidewalk improvements.

1999 Recreation/Library – This fund accounts for bonds issued for recreation and library facility improvements.

2002 Miscellaneous Projects – This fund accounts for bonds issued for miscellaneous City projects.

2007 BAN Public Works – This fund accounts for bond anticipation notes issued for public works projects.

\$3,955,000 School RIHEBC Lease – This fund accounts for a RIHEBC lease issued for School projects.

The Permanent Funds
account for all resources that are legally
restricted to the extent that only earnings, and not
principal may be used for purposes that support City programs.

Lakeside Springdale – This fund accounts for funds provided for the perpetual care of City cemeteries.

Little Neck Cemetery – This fund accounts for funds provided for the perpetual care of City cemeteries.

Nancy Miller – This fund accounts for funds provided for the perpetual care of City cemeteries.

George Bucklin – This fund accounts for funds provided for the perpetual care of City cemeteries.

FBO Newman – This fund accounts for funds provided for the perpetual care of City cemeteries.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
October 31, 2010*

	Special Revenue Funds						
	<i>School Restricted Fund</i>	<i>School Career Center Fund</i>	<i>School Lunch Fund</i>	<i>School Technology Improvement</i>	<i>Animal Shelter</i>	<i>Assistance to Firefighters</i>	<i>Aqua Fund WPC</i>
ASSETS							
Cash	\$ 115,081	\$ 26,982	\$ 89,576	\$ 39	\$ 14,405	\$ 13,873	\$ 20
Investments	-	-	-	41,983	96,056	-	4,725
Accounts receivable	296	-	-	-	-	-	-
Due from federal and state governments	1,925,132	-	204,394	-	-	-	-
Due from other funds	32,270	-	-	-	-	-	-
Prepaid expenditures	8,482	-	-	-	-	-	-
Total assets	<u>\$2,081,261</u>	<u>\$ 26,982</u>	<u>\$ 293,970</u>	<u>\$ 42,022</u>	<u>\$ 110,461</u>	<u>\$ 13,873</u>	<u>\$ 4,745</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 452,411	\$ -	\$ 379,209	\$ -	\$ -	\$ 1,300	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	1,583,041	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>2,035,452</u>	<u>-</u>	<u>379,209</u>	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>-</u>
Fund balances (deficits)							
Unreserved - undesignated	45,809	26,982	(85,239)	42,022	110,461	12,573	4,745
Total fund balances (deficits)	<u>45,809</u>	<u>26,982</u>	<u>(85,239)</u>	<u>42,022</u>	<u>110,461</u>	<u>12,573</u>	<u>4,745</u>
Total liabilities and fund balances	<u>\$2,081,261</u>	<u>\$ 26,982</u>	<u>\$ 293,970</u>	<u>\$ 42,022</u>	<u>\$ 110,461</u>	<u>\$ 13,873</u>	<u>\$ 4,745</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

Special Revenue Funds							
	<i>Bold Point Park</i>	<i>Byrne/ JAG 2009 Formula</i>	<i>Byrne/ JAG 2009 Local</i>	<i>Byrne/ JAG 2009 Stimulus</i>	<i>Central Park Coalition</i>	<i>CERT</i>	<i>Champlin Weaver</i>
ASSETS							
Cash	\$ -	\$ -	\$ 23,072	\$ -	\$ 3	\$ 50	\$ 704
Investments	1,134	-	-	-	67	1,002	33,395
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	6,494	-	56,248	-	-	-
Due from other funds	27,095	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 28,229	\$ 6,494	\$ 23,072	\$ 56,248	\$ 70	\$ 1,052	\$ 34,099
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 56,248	\$ -	\$ -	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	6,494	23,072	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	6,494	23,072	56,248	-	-	-
Fund balances (deficits)							
Unreserved - undesignated	28,229	-	-	-	70	1,052	34,099
Total fund balances (deficits)	28,229	-	-	-	70	1,052	34,099
Total liabilities and fund balances	\$ 28,229	\$ 6,494	\$ 23,072	\$ 56,248	\$ 70	\$ 1,052	\$ 34,099

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Community Development Activities</i>	<i>Curbing Replacement</i>	<i>Cops Program/ Burglar Program</i>	<i>Crescent Park Carousel</i>	<i>Debt Service Reserve East Pointe</i>	<i>Emergency Management Program</i>	<i>Energy Grant</i>
ASSETS							
Cash	\$ 156,940	\$ 33	\$ 4,528	\$ 31,895	\$ 178,433	\$ 51,775	\$ -
Investments	516,139	62,686	-	181,663	-	46,906	-
Accounts receivable	3,972,939	-	-	-	-	-	-
Due from federal and state governments	18,649	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$4,664,667</u>	<u>\$ 62,719</u>	<u>\$ 4,528</u>	<u>\$ 213,558</u>	<u>\$ 178,433</u>	<u>\$ 98,681</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 12,065	\$ -	\$ -	\$ 575	\$ -	\$ 150	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	12,048	-	-	6,168	-	48	-
Deferred revenue	3,972,939	-	-	-	-	-	-
Other liabilities	-	-	-	-	178,433	-	-
Total liabilities	<u>3,997,052</u>	<u>-</u>	<u>-</u>	<u>6,743</u>	<u>178,433</u>	<u>198</u>	<u>-</u>
Fund balances (deficits)							
Unreserved - undesignated	667,615	62,719	4,528	206,815	-	98,483	-
Total fund balances (deficits)	<u>667,615</u>	<u>62,719</u>	<u>4,528</u>	<u>206,815</u>	<u>-</u>	<u>98,483</u>	<u>-</u>
Total liabilities and fund balances	<u>\$4,664,667</u>	<u>\$ 62,719</u>	<u>\$ 4,528</u>	<u>\$ 213,558</u>	<u>\$ 178,433</u>	<u>\$ 98,681</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Energy Study & Improvement</i>	<i>Escrow Pending Forfeiture</i>	<i>Fire Decon Grant</i>	<i>Fire Department Boat</i>	<i>Fire Port Security</i>	<i>Fire Prevention & Safety</i>	<i>Fire UASI</i>
ASSETS							
Cash	\$ 185,000	\$ 3,567	\$ 2,060	\$ 50	\$ 1,992	\$ 760	\$ 15,960
Investments	-	16,379	-	43,360	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	6,329	237,052
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 185,000	\$ 19,946	\$ 2,060	\$ 43,410	\$ 1,992	\$ 7,089	\$ 253,012
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 694	\$ -	\$ 1,995	\$ 780	\$ 1,453
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	-	2,029	-	-	6,328	268,816
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	2,723	-	1,995	7,108	270,269
Fund balances (deficits)							
Unreserved - undesignated	185,000	19,946	(663)	43,410	(3)	(19)	(17,257)
Total fund balances (deficits)	185,000	19,946	(663)	43,410	(3)	(19)	(17,257)
Total liabilities and fund balances	\$ 185,000	\$ 19,946	\$ 2,060	\$ 43,410	\$ 1,992	\$ 7,089	\$ 253,012

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Special Revenue Funds						
	<i>Forfeited Drugs - State Funds</i>	<i>Forfeited Drug Monies</i>	<i>Friends of Ancient Little Neck Cemetery</i>	<i>Fuller Library Grant</i>	<i>Girl Scout House Refurbishment</i>	<i>Harbormaster</i>	<i>Historic Properties Commission</i>
ASSETS							
Cash	\$ 102	\$ 122,280	\$ 17	\$ 1,506	\$ 8,184	\$ 7,856	\$ 21
Investments	58	21,874	1,270	-	-	8,738	2,160
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	29,566	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 160	\$ 173,720	\$ 1,287	\$ 1,506	\$ 8,184	\$ 16,594	\$ 2,181
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,118	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	4,381	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	7,499	-
Fund balances (deficits)							
Unreserved - undesignated	160	173,720	1,287	1,506	8,184	9,095	2,181
Total fund balances (deficits)	160	173,720	1,287	1,506	8,184	9,095	2,181
Total liabilities and fund balances	\$ 160	\$ 173,720	\$ 1,287	\$ 1,506	\$ 8,184	\$ 16,594	\$ 2,181

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Special Revenue Funds						
	<i>Historic Records Preservation</i>	<i>Homeland Security - Fire</i>	<i>Homeland Security - Police</i>	<i>Homeless Shelter</i>	<i>Hunts Mill Reuse</i>	<i>LEPC/ Hazmat</i>	<i>Library Change Fund</i>
ASSETS							
Cash	\$ 91	\$ 59	\$ 3,693	\$ 11	\$ 29	\$ 12,682	\$ 1,249
Investments	391,039	-	-	3,071	15,375	5,732	36,093
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	2,908	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 394,038</u>	<u>\$ 59</u>	<u>\$ 3,693</u>	<u>\$ 3,082</u>	<u>\$ 15,404</u>	<u>\$ 18,414</u>	<u>\$ 37,342</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>-</u>
Fund balances (deficits)							
Unreserved - undesignated	394,038	59	3,693	3,082	15,404	18,211	37,342
Total fund balances (deficits)	<u>394,038</u>	<u>59</u>	<u>3,693</u>	<u>3,082</u>	<u>15,404</u>	<u>18,211</u>	<u>37,342</u>
Total liabilities and fund balances	<u>\$ 394,038</u>	<u>\$ 59</u>	<u>\$ 3,693</u>	<u>\$ 3,082</u>	<u>\$ 15,404</u>	<u>\$ 18,414</u>	<u>\$ 37,342</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Special Revenue Funds						
	<i>Library Donations Fund</i>	<i>Library Grant- in-Aid</i>	<i>Local Law Enforcement Block Grant</i>	<i>Meadowcrest School Playground</i>	<i>Metropolitan Burglary Network</i>	<i>Minimum Property Code Enforcement</i>	<i>Municipal Court</i>
ASSETS							
Cash	\$ 504	\$ 250,898	\$ 9	\$ 100	\$ 3,609	\$ -	\$ 19,580
Investments	89,008	-	221	11,642	-	-	308
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 89,512</u>	<u>\$ 250,898</u>	<u>\$ 230</u>	<u>\$ 11,742</u>	<u>\$ 3,609</u>	<u>\$ -</u>	<u>\$ 19,888</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ 17,210	\$ -	\$ -	\$ -	\$ -	\$ 12,428
Due to state government	-	-	-	-	-	-	51,460
Due to other funds	-	-	-	-	-	-	49,500
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>17,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,388</u>
Fund balances (deficits)							
Unreserved - undesignated	89,512	233,688	230	11,742	3,609	-	(93,500)
Total fund balances (deficits)	<u>89,512</u>	<u>233,688</u>	<u>230</u>	<u>11,742</u>	<u>3,609</u>	<u>-</u>	<u>(93,500)</u>
Total liabilities and fund balances	<u>\$ 89,512</u>	<u>\$ 250,898</u>	<u>\$ 230</u>	<u>\$ 11,742</u>	<u>\$ 3,609</u>	<u>\$ -</u>	<u>\$ 19,888</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Special Revenue Funds						
	<i>National Youth Sports Coaches Association</i>	<i>Personnel Higher Education</i>	<i>Pierce Stadium</i>	<i>Planning & Mapping</i>	<i>Police Vehicle Detail</i>	<i>Project DARE</i>	<i>Recovery Act Byrne/ JAG</i>
ASSETS							
Cash	\$ 4	\$ 15	\$ 8,853	\$ 48	\$ 39	\$ 3,045	\$ -
Investments	462	1,592	4,462	-	14,068	3,282	-
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	4,880	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 466</u>	<u>\$ 1,607</u>	<u>\$ 13,315</u>	<u>\$ 48</u>	<u>\$ 18,987</u>	<u>\$ 6,327</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 1,705	\$ -	\$ -	\$ 467	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,705</u>	<u>-</u>	<u>-</u>	<u>467</u>	<u>-</u>
Fund balances (deficits)							
Unreserved - undesignated	466	1,607	11,610	48	18,987	5,860	-
Total fund balances (deficits)	<u>466</u>	<u>1,607</u>	<u>11,610</u>	<u>48</u>	<u>18,987</u>	<u>5,860</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 466</u>	<u>\$ 1,607</u>	<u>\$ 13,315</u>	<u>\$ 48</u>	<u>\$ 18,987</u>	<u>\$ 6,327</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Recreation Center</i>	<i>Recreation League</i>	<i>Recycling Bags</i>	<i>Rescue Service Fees</i>	<i>Revaluation</i>	<i>RI Comprehensive Planning and Use Act</i>	<i>Rhode Island Health Coalition</i>
ASSETS							
Cash	\$ 1,171	\$ 10,741	\$ 47,099	\$ 13,748	\$ 45	\$ 3	\$ 24
Investments	46,566	55,030	33,953	378,974	-	9,944	5,622
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	170,000	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 47,737	\$ 65,771	\$ 81,052	\$ 562,722	\$ 45	\$ 9,947	\$ 5,646
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 2,836	\$ -	\$ -	\$ 5,914	\$ -	\$ -	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	-	-	19,705	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	2,836	-	-	25,619	-	-	-
Fund balances (deficits)							
Unreserved - undesignated	44,901	65,771	81,052	537,103	45	9,947	5,646
Total fund balances (deficits)	44,901	65,771	81,052	537,103	45	9,947	5,646
Total liabilities and fund balances	\$ 47,737	\$ 65,771	\$ 81,052	\$ 562,722	\$ 45	\$ 9,947	\$ 5,646

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Special Revenue Funds						
	<i>Riverside Square Improvements</i>	<i>Rose Larisa Memorial Park</i>	<i>Senior Center</i>	<i>Senior Center Programs</i>	<i>Smoke Detector Inspection</i>	<i>Stormwater Management Phase II</i>	<i>Substance Abuse Donations</i>
ASSETS							
Cash	\$ 43	\$ 33	\$ 5,772	\$ 17,729	\$ 51,834	\$ -	\$ 18,190
Investments	333	26	77	5,033	39,531	-	30,397
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	6,000	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 376	\$ 59	\$ 11,849	\$ 22,762	\$ 91,365	\$ -	\$ 48,587
 LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 2,460	\$ 125	\$ 437	\$ -	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	-	2,000	-	6,000	-	17,100	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	2,000	2,460	6,125	437	17,100	-
 Fund balances (deficits)							
Unreserved - undesignated	376	(1,941)	9,389	16,637	90,928	(17,100)	48,587
Total fund balances (deficits)	376	(1,941)	9,389	16,637	90,928	(17,100)	48,587
 Total liabilities and fund balances	\$ 376	\$ 59	\$ 11,849	\$ 22,762	\$ 91,365	\$ -	\$ 48,587

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
October 31, 2010

	<u>Special Revenue Funds</u>				<i>Total Special Revenue Funds</i>
	<i>Substance Abuse Grants</i>	<i>Systems Improvements</i>	<i>Waterfront Commission TIF</i>	<i>Waterfront Stormwater Study</i>	
ASSETS					
Cash	\$ 17	\$ -	\$ 2,500	\$ 3,375	\$ 1,533,606
Investments	-	-	-	-	2,261,436
Accounts receivable	-	-	-	-	3,973,235
Due from federal and state governments	21,573	-	-	-	2,475,871
Due from other funds	-	-	-	-	272,719
Prepaid expenditures	-	-	-	-	8,482
Total assets	<u>\$ 21,590</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 3,375</u>	<u>\$ 10,525,349</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ 424	\$ -	\$ -	\$ -	\$ 954,207
Due to state government	-	-	-	-	51,460
Due to other funds	13,440	-	-	-	2,020,170
Deferred revenue	-	-	-	-	3,972,939
Other liabilities	-	-	-	-	178,433
Total liabilities	<u>13,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,177,209</u>
Fund balances (deficits)					
Unreserved - undesignated	7,726	-	2,500	3,375	3,348,140
Total fund balances (deficits)	<u>7,726</u>	<u>-</u>	<u>2,500</u>	<u>3,375</u>	<u>3,348,140</u>
Total liabilities and fund balances	<u>\$ 21,590</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 3,375</u>	<u>\$ 10,525,349</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Capital Project Funds						
	<u>Capital Improvements</u>	<u>Economic Development Bond</u>	<u>Hull Street Renovations</u>	<u>Open Space</u>	<u>Superior Court MP9538</u>	<u>Vintner Avenue Playground</u>	<u>Union Primary Reserve</u>
ASSETS							
Cash	\$ 28	\$ 22	\$ -	\$ 473	\$ 27,342	\$ -	\$ 51
Investments	50,101	746,464	-	27,028	-	3,006	23,132
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	167,000	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	<u>\$ 50,129</u>	<u>\$ 913,486</u>	<u>\$ -</u>	<u>\$ 27,501</u>	<u>\$ 27,342</u>	<u>\$ 3,006</u>	<u>\$ 23,183</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to state government	-	-	-	-	-	-	-
Due to other funds	50,125	-	19,820	34,095	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	27,342	-	-
Total liabilities	<u>50,125</u>	<u>-</u>	<u>19,820</u>	<u>34,095</u>	<u>27,342</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)							
Unreserved - undesignated	4	913,486	(19,820)	(6,594)	-	3,006	23,183
Total fund balances (deficits)	<u>4</u>	<u>913,486</u>	<u>(19,820)</u>	<u>(6,594)</u>	<u>-</u>	<u>3,006</u>	<u>23,183</u>
Total liabilities and fund balances	<u>\$ 50,129</u>	<u>\$ 913,486</u>	<u>\$ -</u>	<u>\$ 27,501</u>	<u>\$ 27,342</u>	<u>\$ 3,006</u>	<u>\$ 23,183</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	Capital Project Funds					
	<i>Stormwater Basin- Routine</i>	<i>Stormwater Basin- Nonroutine</i>	<i>Capital Lease Fund</i>	<i>1999 School Bond Fund</i>	<i>2000 Bond Public Works</i>	<i>2000 Bond Public Safety</i>
ASSETS						
Cash	\$ 1	\$ 1	\$ -	\$ 10	\$ 11	\$ 295
Investments	4,146	19,360	-	-	73,157	-
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	-	-	50,125	-	-	19,705
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 4,147	\$ 19,361	\$ 50,125	\$ 10	\$ 73,168	\$ 20,000
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Due to state government	-	-	-	-	-	-
Due to other funds	-	-	50,125	-	7,681	-
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	-	-	50,125	-	7,681	20,000
Fund balances (deficits)						
Unreserved - undesignated	4,147	19,361	-	10	65,487	-
Total fund balances (deficits)	4,147	19,361	-	10	65,487	-
Total liabilities and fund balances	\$ 4,147	\$ 19,361	\$ 50,125	\$ 10	\$ 73,168	\$ 20,000

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 October 31, 2010

	<u>Capital Project Funds</u>					<i>Total Capital Project Funds</i>
	<i>1999 Bond Streets & Sidewalks</i>	<i>1999 Recreation/ Library</i>	<i>2002 Miscellaneous Projects</i>	<i>2007 BAN Public Works</i>	<i>\$3,955,000 School RIHEBC Lease</i>	
ASSETS						
Cash	\$ 95	\$ 83,564	\$ 181,428	\$ 933	\$ -	\$ 294,254
Investments	2,936	711	387,793	3,647,506	3,922,750	8,908,090
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	86,337	777	-	-	87,114
Due from other funds	-	-	-	-	-	236,830
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 3,031</u>	<u>\$ 170,612</u>	<u>\$ 569,998</u>	<u>\$ 3,648,439</u>	<u>\$ 3,922,750</u>	<u>\$ 9,526,288</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 14,904	\$ 7,847	\$ -	\$ 42,751
Due to state government	-	-	-	-	-	-
Due to other funds	-	160,000	-	-	10,000	331,846
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	27,342
Total liabilities	<u>-</u>	<u>160,000</u>	<u>14,904</u>	<u>7,847</u>	<u>10,000</u>	<u>401,939</u>
Fund balances (deficits)						
Unreserved - undesignated	3,031	10,612	555,094	3,640,592	3,912,750	9,124,349
Total fund balances (deficits)	<u>3,031</u>	<u>10,612</u>	<u>555,094</u>	<u>3,640,592</u>	<u>3,912,750</u>	<u>9,124,349</u>
Total liabilities and fund balances	<u>\$ 3,031</u>	<u>\$ 170,612</u>	<u>\$ 569,998</u>	<u>\$ 3,648,439</u>	<u>\$ 3,922,750</u>	<u>\$ 9,526,288</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
October 31, 2010

Permanent Funds

	<i>Lakeside Springdale</i>	<i>Little Neck Cemetery</i>	<i>Nancy Miller</i>	<i>George Bucklin</i>	<i>FBO Newman</i>	<i>Total Permanent Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
ASSETS							
Cash	\$ -	\$ 3,270	\$ -	\$ -	\$ -	\$ 3,270	\$ 1,831,130
Investments	9,992	61,837	1,619	15,108	14,082	102,638	11,272,164
Accounts receivable	-	-	-	-	-	-	3,973,235
Due from federal and state governments	-	-	-	-	-	-	2,562,985
Due from other funds	-	-	-	-	-	-	509,549
Prepaid expenditures	-	-	-	-	-	-	8,482
Total assets	\$ 9,992	\$ 65,107	\$ 1,619	\$ 15,108	\$ 14,082	\$ 105,908	\$ 20,157,545
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 996,958
Due to state government	-	-	-	-	-	-	51,460
Due to other funds	-	-	-	-	-	-	2,352,016
Deferred revenue	-	-	-	-	-	-	3,972,939
Other liabilities	-	-	-	-	-	-	205,775
Total liabilities	-	-	-	-	-	-	7,579,148
Fund balances (deficits)							
Unreserved - undesignated	9,992	65,107	1,619	15,108	14,082	105,908	12,578,397
Total fund balances (deficits)	9,992	65,107	1,619	15,108	14,082	105,908	12,578,397
Total liabilities and fund balances	\$ 9,992	\$ 65,107	\$ 1,619	\$ 15,108	\$ 14,082	\$ 105,908	\$ 20,157,545

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>School Restricted Fund</i>	<i>School Career Center Fund</i>	<i>School Lunch Fund</i>	<i>School Technology Improvement</i>	<i>Animal Shelter</i>	<i>Assistance to Firefighters</i>	<i>Aqua Fund WPC</i>
Revenues							
Federal and state aid and grants	\$8,490,221	\$ -	\$1,031,253	\$ -	\$ -	\$ 585,187	\$ -
Charges for services	9,900	96,783	626,418	-	13,098	-	-
Fines and penalties	-	-	-	-	7,561	-	-
Investment and interest income	-	-	-	6	16	-	-
Contributions and private grants	5,000	-	-	-	2,915	-	-
Other revenue	-	-	13,900	-	-	-	-
Total revenues	<u>8,505,121</u>	<u>96,783</u>	<u>1,671,571</u>	<u>6</u>	<u>23,590</u>	<u>585,187</u>	<u>-</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	584,354	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	10,373	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	8,477,394	92,114	1,630,841	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>8,477,394</u>	<u>92,114</u>	<u>1,630,841</u>	<u>-</u>	<u>10,373</u>	<u>584,354</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>27,727</u>	<u>4,669</u>	<u>40,730</u>	<u>6</u>	<u>13,217</u>	<u>833</u>	<u>-</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	10,775	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,775</u>	<u>-</u>
Net change in fund balance	27,727	4,669	40,730	6	13,217	11,608	-
Fund balances (deficits), beginning of year	<u>18,082</u>	<u>22,313</u>	<u>(125,969)</u>	<u>42,016</u>	<u>97,244</u>	<u>965</u>	<u>4,745</u>
Fund balances (deficits), end of year	<u>\$ 45,809</u>	<u>\$ 26,982</u>	<u>\$ (85,239)</u>	<u>\$ 42,022</u>	<u>\$ 110,461</u>	<u>\$ 12,573</u>	<u>\$ 4,745</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>Bold Point Park</i>	<i>Byrne/ JAG 2009 Formula</i>	<i>Byrne/ JAG 2009 Local</i>	<i>Byrne/ JAG 2009 Stimulus</i>	<i>Central Park Coalition</i>	<i>CERT</i>	<i>Champlin Weaver</i>
Revenues							
Federal and state aid and grants	\$ -	\$ 6,494	\$ 23,072	\$ 56,248	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	6
Contributions and private grants	-	-	-	-	-	-	20,000
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>6,494</u>	<u>23,072</u>	<u>56,248</u>	<u>-</u>	<u>-</u>	<u>20,006</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	6,494	23,072	56,248	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	175	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	19,989
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>6,494</u>	<u>23,072</u>	<u>56,248</u>	<u>175</u>	<u>-</u>	<u>19,989</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>-</u>	<u>17</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
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>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>-</u>	<u>17</u>
Fund balances (deficits), beginning of year	<u>28,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245</u>	<u>1,052</u>	<u>34,082</u>
Fund balances (deficits), end of year	<u>\$ 28,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 1,052</u>	<u>\$ 34,099</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>Community Development Activities</i>	<i>Curbing Replacement</i>	<i>Cops Program/ Burglar Program</i>	<i>Crescent Park Carousel</i>	<i>Debt Service Reserve East Pointe</i>	<i>Emergency Management Program</i>	<i>Energy Grant</i>
Revenues							
Federal and state aid and grants	\$ 641,282	\$ -	\$ -	\$ -	\$ -	\$ 62,340	\$ 6,042
Charges for services	-	4,607	-	76,834	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	20,104	11	-	31	-	8	-
Contributions and private grants	-	-	-	25,713	-	-	-
Other revenue	126,439	-	-	-	-	-	-
Total revenues	<u>787,825</u>	<u>4,618</u>	<u>-</u>	<u>102,578</u>	<u>-</u>	<u>62,348</u>	<u>6,042</u>
Expenditures							
Current:							
General government	533,212	-	-	-	-	-	-
Public safety	-	-	-	-	-	30,891	-
Public works	-	-	-	-	-	-	6,042
Parks and recreation	-	-	-	103,189	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	270,847	-	-	-	-	-	-
Total expenditures	<u>804,059</u>	<u>-</u>	<u>-</u>	<u>103,189</u>	<u>-</u>	<u>30,891</u>	<u>6,042</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(16,234)</u>	<u>4,618</u>	<u>-</u>	<u>(611)</u>	<u>-</u>	<u>31,457</u>	<u>-</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
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>
Net change in fund balance	(16,234)	4,618	-	(611)	-	31,457	-
Fund balances (deficits), beginning of year	<u>683,849</u>	<u>58,101</u>	<u>4,528</u>	<u>207,426</u>	<u>-</u>	<u>67,026</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 667,615</u>	<u>\$ 62,719</u>	<u>\$ 4,528</u>	<u>\$ 206,815</u>	<u>\$ -</u>	<u>\$ 98,483</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Energy Study & Improvement</i>	<i>Escrow Pending Forfeiture</i>	<i>Fire Decon Grant</i>	<i>Fire Department Boat</i>	<i>Fire Port Security</i>	<i>Fire Prevention & Safety</i>	<i>Fire UASI</i>
Revenues							
Federal and state aid and grants	\$ 207,400	\$ -	\$ 87,057	\$ -	\$ 4,135	\$ 133,106	\$ 348,342
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	2	-	7	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	14,830	-	-	-	-	-
Total revenues	<u>207,400</u>	<u>14,832</u>	<u>87,057</u>	<u>7</u>	<u>4,135</u>	<u>133,106</u>	<u>348,342</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	22,679	86,906	-	4,138	133,125	365,324
Public works	22,400	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>22,400</u>	<u>22,679</u>	<u>86,906</u>	<u>-</u>	<u>4,138</u>	<u>133,125</u>	<u>365,324</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>185,000</u>	<u>(7,847)</u>	<u>151</u>	<u>7</u>	<u>(3)</u>	<u>(19)</u>	<u>(16,982)</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	(610)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	185,000	(7,847)	(459)	7	(3)	(19)	(16,982)
Fund balances (deficits), beginning of year	-	27,793	(204)	43,403	-	-	(275)
Fund balances (deficits), end of year	<u>\$ 185,000</u>	<u>\$ 19,946</u>	<u>\$ (663)</u>	<u>\$ 43,410</u>	<u>\$ (3)</u>	<u>\$ (19)</u>	<u>\$ (17,257)</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>Forfeited Drugs - State Funds</i>	<i>Forfeited Drug Monies</i>	<i>Friends of Ancient Little Neck Cemetery</i>	<i>Fuller Library Grant</i>	<i>Girl Scout House Refurbishment</i>	<i>Harbormaster</i>	<i>Historic Properties Commission</i>
Revenues							
Federal and state aid and grants	\$ 9,360	\$ 171,160	\$ 3,000	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	44,805	-
Fines and penalties	-	-	-	-	-	5,700	-
Investment and interest income	5	15	-	-	2	2	-
Contributions and private grants	-	-	-	-	-	2,279	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>9,365</u>	<u>171,175</u>	<u>3,000</u>	<u>-</u>	<u>2</u>	<u>52,786</u>	<u>-</u>
Expenditures							
Current:							
General government	-	-	3,000	-	-	-	-
Public safety	67,259	177,534	-	-	-	62,181	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>67,259</u>	<u>177,534</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>62,181</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(57,894)</u>	<u>(6,359)</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>(9,395)</u>	<u>-</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
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>
Net change in fund balance	<u>(57,894)</u>	<u>(6,359)</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>(9,395)</u>	<u>-</u>
Fund balances (deficits), beginning of year	<u>58,054</u>	<u>180,079</u>	<u>1,287</u>	<u>1,506</u>	<u>8,182</u>	<u>18,490</u>	<u>2,181</u>
Fund balances (deficits), end of year	<u>\$ 160</u>	<u>\$ 173,720</u>	<u>\$ 1,287</u>	<u>\$ 1,506</u>	<u>\$ 8,184</u>	<u>\$ 9,095</u>	<u>\$ 2,181</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>Historic Records Preservation</i>	<i>Homeland Security - Fire</i>	<i>Homeland Security - Police</i>	<i>Homeless Shelter</i>	<i>Hunts Mill Reuse</i>	<i>LEPC/ Hazmat</i>	<i>Library Change Fund</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,520	\$ -
Charges for services	34,633	-	-	-	-	-	1,552
Fines and penalties	-	-	-	-	-	6,257	-
Investment and interest income	66	-	-	-	4	-	6
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>34,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>20,777</u>	<u>1,558</u>
Expenditures							
Current:							
General government	43,610	-	-	-	-	-	-
Public safety	-	-	-	-	-	8,671	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	3,188	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>43,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,188</u>	<u>8,671</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(8,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,184)</u>	<u>12,106</u>	<u>1,558</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	610	-
Transfers to other funds	-	-	-	-	(59,271)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,271)</u>	<u>610</u>	<u>-</u>
Net change in fund balance	<u>(8,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,455)</u>	<u>12,716</u>	<u>1,558</u>
Fund balances (deficits), beginning of year	<u>402,949</u>	<u>59</u>	<u>3,693</u>	<u>3,082</u>	<u>77,859</u>	<u>5,495</u>	<u>35,784</u>
Fund balances (deficits), end of year	<u>\$ 394,038</u>	<u>\$ 59</u>	<u>\$ 3,693</u>	<u>\$ 3,082</u>	<u>\$ 15,404</u>	<u>\$ 18,211</u>	<u>\$ 37,342</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Library Donations Fund</i>	<i>Library Grant- in-Aid</i>	<i>Local Law Enforcement Block Grant</i>	<i>Meadowcrest School Playground</i>	<i>Metropolitan Burglary Network</i>	<i>Minimum Property Code Enforcement</i>	<i>Municipal Court</i>
Revenues							
Federal and state aid and grants	\$ -	\$ 472,150	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	194,213
Investment and interest income	32	-	-	1	-	-	-
Contributions and private grants	12,399	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>12,431</u>	<u>472,150</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>194,213</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,071	235,434
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	754,665	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>754,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071</u>	<u>235,434</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>12,431</u>	<u>(282,515)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>(1,071)</u>	<u>(41,221)</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	(305,000)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(305,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	12,431	(587,515)	-	1	-	(1,071)	(41,221)
Fund balances (deficits), beginning of year	<u>77,081</u>	<u>821,203</u>	<u>230</u>	<u>11,741</u>	<u>3,609</u>	<u>1,071</u>	<u>(52,279)</u>
Fund balances (deficits), end of year	<u>\$ 89,512</u>	<u>\$ 233,688</u>	<u>\$ 230</u>	<u>\$ 11,742</u>	<u>\$ 3,609</u>	<u>\$ -</u>	<u>\$ (93,500)</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>National Youth Sports Coaches Association</i>	<i>Personnel Higher Education</i>	<i>Pierce Stadium</i>	<i>Planning & Mapping</i>	<i>Police Vehicle Detail</i>	<i>Project DARE</i>	<i>Recovery Act Byrne/ JAG</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	43,948	-	132,138	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	18	-	-
Contributions and private grants	-	-	-	-	-	4,260	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>43,948</u>	<u>-</u>	<u>132,156</u>	<u>4,260</u>	<u>-</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	95,158
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	36,280	-	-	-	-
Public health and welfare	-	-	-	-	-	2,035	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>36,280</u>	<u>-</u>	<u>-</u>	<u>2,035</u>	<u>95,158</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,668</u>	<u>-</u>	<u>132,156</u>	<u>2,225</u>	<u>(95,158)</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	(275,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(275,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>7,668</u>	<u>-</u>	<u>(142,844)</u>	<u>2,225</u>	<u>(95,158)</u>
Fund balances (deficits), beginning of year	<u>466</u>	<u>1,607</u>	<u>3,942</u>	<u>48</u>	<u>161,831</u>	<u>3,635</u>	<u>95,158</u>
Fund balances (deficits), end of year	<u>\$ 466</u>	<u>\$ 1,607</u>	<u>\$ 11,610</u>	<u>\$ 48</u>	<u>\$ 18,987</u>	<u>\$ 5,860</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Special Revenue Funds						
	<i>Recreation Center</i>	<i>Recreation League</i>	<i>Recycling Bags</i>	<i>Rescue Service Fees</i>	<i>Revaluation</i>	<i>RI Comprehensive Planning and Use Act</i>	<i>Rhode Island Health Coalition</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,765	36,645	63,766	1,217,479	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	7	10	11	94	-	1	1
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>4,772</u>	<u>36,655</u>	<u>63,777</u>	<u>1,217,573</u>	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	367,611	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	10,667	26,040	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	10,450	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>10,667</u>	<u>26,040</u>	<u>10,450</u>	<u>367,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(5,895)</u>	<u>10,615</u>	<u>53,327</u>	<u>849,962</u>	<u>-</u>	<u>1</u>	<u>1</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	(95,000)	(800,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(95,000)</u>	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(5,895)</u>	<u>10,615</u>	<u>(41,673)</u>	<u>49,962</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances (deficits), beginning of year	<u>50,796</u>	<u>55,156</u>	<u>122,725</u>	<u>487,141</u>	<u>45</u>	<u>9,946</u>	<u>5,645</u>
Fund balances (deficits), end of year	<u>\$ 44,901</u>	<u>\$ 65,771</u>	<u>\$ 81,052</u>	<u>\$ 537,103</u>	<u>\$ 45</u>	<u>\$ 9,947</u>	<u>\$ 5,646</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	<i>Special Revenue Funds</i>						
	<i>Riverside Square Improvements</i>	<i>Rose Larisa Memorial Park</i>	<i>Senior Center</i>	<i>Senior Center Programs</i>	<i>Smoke Detector Inspection</i>	<i>Stormwater Management Phase II</i>	<i>Substance Abuse Donations</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ 15,245	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	9,672	112,877	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	-	-	1	1	6	-	5
Contributions and private grants	-	-	-	29,384	-	-	2,242
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>15,246</u>	<u>39,057</u>	<u>112,883</u>	<u>-</u>	<u>2,247</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	52,063	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	13,191	18,946	-	-	24,671
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>13,191</u>	<u>18,946</u>	<u>52,063</u>	<u>-</u>	<u>24,671</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,055</u>	<u>20,111</u>	<u>60,820</u>	<u>-</u>	<u>(22,424)</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	5,972
Transfers to other funds	-	-	-	-	(10,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>5,972</u>
Net change in fund balance	-	-	2,055	20,111	50,820	-	(16,452)
Fund balances (deficits), beginning of year	<u>376</u>	<u>(1,941)</u>	<u>7,334</u>	<u>(3,474)</u>	<u>40,108</u>	<u>(17,100)</u>	<u>65,039</u>
Fund balances (deficits), end of year	<u>\$ 376</u>	<u>\$ (1,941)</u>	<u>\$ 9,389</u>	<u>\$ 16,637</u>	<u>\$ 90,928</u>	<u>\$ (17,100)</u>	<u>\$ 48,587</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended October 31, 2010

	<i>Special Revenue Funds</i>				<i>Total Special Revenue Funds</i>
	<i>Substance Abuse Grants</i>	<i>Systems Improvements</i>	<i>Waterfront Commission TIF</i>	<i>Waterfront Stormwater Study</i>	
Revenues					
Federal and state aid and grants	\$ 193,607	\$ -	\$ -	\$ -	\$ 12,561,221
Charges for services	-	-	-	-	2,529,920
Fines and penalties	-	-	-	-	213,731
Investment and interest income	-	1	-	-	20,480
Contributions and private grants	-	-	-	-	104,192
Other revenue	-	4,799	-	-	159,968
Total revenues	<u>193,607</u>	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>15,589,512</u>
Expenditures					
Current:					
General government	-	-	-	-	579,822
Public safety	-	4,800	-	-	2,385,013
Public works	-	-	-	-	28,442
Parks and recreation	-	-	-	-	179,539
Public health and welfare	193,359	-	-	-	262,575
Sanitation	-	-	-	-	10,450
Public libraries	-	-	-	-	774,654
Education	-	-	-	-	10,200,349
Debt service	-	-	-	-	270,847
Total expenditures	<u>193,359</u>	<u>4,800</u>	<u>-</u>	<u>-</u>	<u>14,691,691</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897,821</u>
Other financing sources (uses)					
Proceeds of bond	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-
Premium on bond	-	-	-	-	-
Transfers from other funds	-	-	-	-	17,357
Transfers to other funds	(5,972)	-	-	-	(1,550,853)
Total other financing sources (uses)	<u>(5,972)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,533,496)</u>
Net change in fund balance	(5,724)	-	-	-	(635,675)
Fund balances (deficits), beginning of year	<u>13,450</u>	<u>-</u>	<u>2,500</u>	<u>3,375</u>	<u>3,983,815</u>
Fund balances (deficits), end of year	<u>\$ 7,726</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 3,375</u>	<u>\$ 3,348,140</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Capital Project Funds						
	<i>Capital Improvements</i>	<i>Economic Development Bond</i>	<i>Hull Street Renovations</i>	<i>Open Space</i>	<i>Superior Court MP9538</i>	<i>Vintner Avenue Playground</i>	<i>Union Primary Reserve</i>
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-
Investment and interest income	4	120	-	5	-	-	5
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>4</u>	<u>120</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Expenditures							
Current:							
General government	595	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(591)</u>	<u>120</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-	-
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>
Net change in fund balance	<u>(591)</u>	<u>120</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Fund balances (deficits), beginning of year	<u>595</u>	<u>913,366</u>	<u>(19,820)</u>	<u>(6,599)</u>	<u>-</u>	<u>3,006</u>	<u>23,178</u>
Fund balances (deficits), end of year	<u>\$ 4</u>	<u>\$ 913,486</u>	<u>\$ (19,820)</u>	<u>\$ (6,594)</u>	<u>\$ -</u>	<u>\$ 3,006</u>	<u>\$ 23,183</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Capital Project Funds					
	<i>Stormwater Basin- Routine</i>	<i>Stormwater Basin- Nonroutine</i>	<i>Capital Lease Fund</i>	<i>1999 School Bond Fund</i>	<i>2000 Bond Public Works</i>	<i>2000 Bond Public Safety</i>
Revenues						
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment and interest income	-	4	-	-	12	-
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
Other financing sources (uses)						
Proceeds of bond	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-
Premium on bond	-	-	-	-	-	-
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>
Net change in fund balance	-	4	-	-	12	-
Fund balances (deficits), beginning of year	<u>4,147</u>	<u>19,357</u>	<u>-</u>	<u>10</u>	<u>65,475</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 4,147</u>	<u>\$ 19,361</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 65,487</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	Capital Project Funds					<i>Total Capital Project Funds</i>
	<i>1999 Bond Streets & Sidewalks</i>	<i>1999 Recreation/ Library</i>	<i>2002 Miscellaneous Projects</i>	<i>2007 BAN Public Works</i>	<i>\$3,955,000 School RIHEBC Lease</i>	
Revenues						
Federal and state aid and grants	\$ -	\$ 16,403	\$ 251,448	\$ -	\$ -	\$ 267,851
Charges for services	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-
Investment and interest income	-	13	70	384	-	617
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>16,416</u>	<u>251,518</u>	<u>384</u>	<u>-</u>	<u>268,468</u>
Expenditures						
Current:						
General government	-	-	500	135,813	-	136,908
Public safety	-	-	-	-	-	-
Public works	-	-	261,184	-	-	261,184
Parks and recreation	-	33,391	117,440	-	-	150,831
Public health and welfare	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	42,250	42,250
Debt service	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>33,391</u>	<u>379,124</u>	<u>135,813</u>	<u>42,250</u>	<u>591,173</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>(16,975)</u>	<u>(127,606)</u>	<u>(135,429)</u>	<u>(42,250)</u>	<u>(322,705)</u>
Other financing sources (uses)						
Proceeds of bond	-	-	-	5,000,000	-	5,000,000
Proceeds of capital lease	-	-	-	-	3,955,000	3,955,000
Premium on bond	-	-	-	85,043	-	85,043
Transfers from other funds	-	-	59,271	-	-	59,271
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>59,271</u>	<u>5,085,043</u>	<u>3,955,000</u>	<u>9,099,314</u>
Net change in fund balance	-	(16,975)	(68,335)	4,949,614	3,912,750	8,776,609
Fund balances (deficits), beginning of year	<u>3,031</u>	<u>27,587</u>	<u>623,429</u>	<u>(1,309,022)</u>	<u>-</u>	<u>347,740</u>
Fund balances (deficits), end of year	<u>\$ 3,031</u>	<u>\$ 10,612</u>	<u>\$ 555,094</u>	<u>\$ 3,640,592</u>	<u>\$ 3,912,750</u>	<u>\$ 9,124,349</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)
 Nonmajor Governmental Funds
 For the Fiscal Year Ended October 31, 2010

	<i>Permanent Funds</i>					<i>Total Permanent Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Lakeside Springdale</i>	<i>Little Neck Cemetery</i>	<i>Nancy Miller</i>	<i>George Bucklin</i>	<i>FBO Newman</i>		
Revenues							
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,829,072
Charges for services	-	-	-	-	-	-	2,529,920
Fines and penalties	-	-	-	-	-	-	213,731
Investment and interest income	-	243	-	-	-	243	21,340
Contributions and private grants	-	-	-	-	-	-	104,192
Other revenue	-	-	-	-	-	-	159,968
Total revenues	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>15,858,223</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	716,730
Public safety	-	-	-	-	-	-	2,385,013
Public works	-	-	-	-	-	-	289,626
Parks and recreation	-	-	-	-	-	-	330,370
Public health and welfare	-	-	-	-	-	-	262,575
Sanitation	-	-	-	-	-	-	10,450
Public libraries	-	-	-	-	-	-	774,654
Education	-	-	-	-	-	-	10,242,599
Debt service	-	-	-	-	-	-	270,847
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,282,864</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>575,359</u>
Other financing sources (uses)							
Proceeds of bond	-	-	-	-	-	-	5,000,000
Proceeds of capital lease	-	-	-	-	-	-	3,955,000
Premium on bond	-	-	-	-	-	-	85,043
Transfers from other funds	-	-	-	-	-	-	76,628
Transfers to other funds	-	-	-	-	-	-	(1,550,853)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,565,818</u>
Net change in fund balance	-	243	-	-	-	243	8,141,177
Fund balances (deficits), beginning of year	<u>9,992</u>	<u>64,864</u>	<u>1,619</u>	<u>15,108</u>	<u>14,082</u>	<u>105,665</u>	<u>4,437,220</u>
Fund balances (deficits), end of year	<u>\$ 9,992</u>	<u>\$ 65,107</u>	<u>\$ 1,619</u>	<u>\$ 15,108</u>	<u>\$ 14,082</u>	<u>\$ 105,908</u>	<u>\$ 12,578,397</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet

October 31, 2010

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III Immigrant Assistance</u>	<u>Title IV</u>	<u>Title V</u>	<u>Preschool</u>
ASSETS							
Cash	\$ 43,052	\$ 2,540	\$ -	\$ -	\$ -	\$ 754	\$ 1,697
Due from federal and state governments	57,497	27,811	809	-	-	-	2,576
Due from other funds	13,626	13,379	197	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	3,455	681	-	-	-	-	169
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 117,630	\$ 44,411	\$ 1,006	\$ -	\$ -	\$ 754	\$ 4,442
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ 47	\$ 934	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	27,723	19,376	954	-	-	-	834
Due to other funds	82,707	25,035	5	-	-	-	3,439
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	110,430	44,411	1,006	934	-	-	4,273
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits)	7,200	-	-	(934)	-	754	169
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 117,630	\$ 44,411	\$ 1,006	\$ -	\$ -	\$ 754	\$ 4,442
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>NASA Technology Integration</i>	<i>Homeland Security</i>	<i>PL 94-142 Part B</i>	<i>PL 94-142 Part B ARRA</i>	<i>Preschool ARRA</i>	<i>Title I ARRA</i>	<i>Perkins</i>
ASSETS							
Cash	\$ -	\$ -	\$ 47,536	\$ -	\$ -	\$ 2,452	\$ 53
Due from federal and state governments	-	-	105,497	25,193	-	3,283	23,435
Due from other funds	1,266	-	-	-	-	-	-
Other receivables	-	-	296	-	-	-	-
Prepaid expenditures	-	-	3,357	575	-	245	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,266	\$ -	\$ 156,686	\$ 25,768	\$ -	\$ 5,980	\$ 23,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ 1,266	\$ -	\$ -	\$ 13,419	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	70,910	-	-	-	23,167
Due to other funds	-	-	82,751	12,349	-	5,735	321
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,266	-	153,661	25,768	-	5,735	23,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits)	-	-	3,025	-	-	245	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,266	\$ -	\$ 156,686	\$ 25,768	\$ -	\$ 5,980	\$ 23,488
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>Fresh Fruits & Vegetables</i>	<i>Teaching American History</i>	<i>Literacy for All</i>	<i>Enhancing Education Through Tech</i>	<i>E2T3</i>	<i>E2T2 ARRA</i>	<i>RI State Improvement Waddington</i>
ASSETS							
Cash	\$ -	\$ 50	\$ 1,113	\$ 2,535	\$ -	\$ -	\$ -
Due from federal and state governments	3,516	-	-	35,870	-	-	-
Due from other funds	-	-	-	-	-	-	3,063
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 3,516	\$ 50	\$ 1,113	\$ 38,405	\$ -	\$ -	\$ 3,063
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,063
Accounts payable and accrued expenditures	3,516	-	-	34,823	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	3,516	-	-	34,823	-	-	3,063
Fund balances (deficits)	-	50	1,113	3,582	-	-	-
Total liabilities and fund balances	\$ 3,516	\$ 50	\$ 1,113	\$ 38,405	\$ -	\$ -	\$ 3,063

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>Wellness and Physical Education</i>	<i>Career Tech. Center - Ind. Contractor</i>	<i>United Way</i>	<i>EPHS Arts</i>	<i>Legislative Technology Martin</i>	<i>Legislative Technology Watters</i>	<i>Legislative Technology Hennessey</i>
ASSETS							
Cash	\$ 1,520	\$ -	\$ 255	\$ 2,300	\$ 1,801	\$ 167	\$ -
Due from federal and state governments	-	3,402	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,520	\$ 3,402	\$ 255	\$ 2,300	\$ 1,801	\$ 167	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	3,402	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	3,402	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits)	1,520	-	255	2,300	1,801	167	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,520	\$ 3,402	\$ 255	\$ 2,300	\$ 1,801	\$ 167	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>Legislative Technology Oldham</i>	<i>Feinstein</i>	<i>Champlin Grant</i>	<i>RIRIE</i>	<i>R.I. Parent Information Network</i>	<i>National Geographic</i>	<i>Orlo School City of East Providence</i>
ASSETS							
Cash	\$ 70	\$ 1,396	\$ 165	\$ 5,000	\$ 1,181	\$ 68	\$ 48
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	\$ 70	\$ 1,396	\$ 165	\$ 5,000	\$ 1,181	\$ 68	\$ 48
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-	-
Due to other funds	-	-	-	725	-	-	-
Total liabilities	-	-	-	725	-	-	-
Fund balances (deficits)	70	1,396	165	4,275	1,181	68	48
Total liabilities and fund balances	\$ 70	\$ 1,396	\$ 165	\$ 5,000	\$ 1,181	\$ 68	\$ 48

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>Federal Stabilization</i>	<i>Vocational Training for Adults</i>	<i>Education Jobs ARRA</i>	<i>Silver Spring Library</i>	<i>RITIE</i>
ASSETS					
Cash	\$ -	\$ 12,029	\$ -	\$ 1	\$ 733
Due from federal and state governments	508,439	3,440	1,124,364	-	-
Due from other funds	-	739	-	-	-
Other receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Total assets	\$ 508,439	\$ 16,208	\$ 1,124,364	\$ 1	\$ 733
 LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	264,639	3,067	-	-	-
Due to other funds	243,586	2,024	1,124,364	-	-
Total liabilities	508,225	5,091	1,124,364	-	-
Fund balances (deficits)	214	11,117	-	1	733
Total liabilities and fund balances	\$ 508,439	\$ 16,208	\$ 1,124,364	\$ 1	\$ 733

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Balance Sheet (Continued)

October 31, 2010

	<i>Safe Routes</i>	<i>RI State Council on the Arts</i>	<i>Verizon Corporate</i>	<i>R.I. Historical</i>	<i>Total</i>
ASSETS					
Cash	\$ -	\$ -	\$ 5,000	\$ 294	\$ 133,810
Due from federal and state governments	-	-	-	-	1,925,132
Due from other funds	-	-	-	-	32,270
Other receivables	-	-	-	-	296
Prepaid expenditures	-	-	-	-	8,482
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ -	\$ -	\$ 5,000	\$ 294	\$ 2,099,990
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 18,729
Accounts payable and accrued expenditures	-	-	-	-	452,411
Due to other funds	-	-	-	-	1,583,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-	-	2,054,181
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits)	-	-	5,000	294	45,809
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ -	\$ -	\$ 5,000	\$ 294	\$ 2,099,990
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Fiscal Year Ended October 31, 2010

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III Immigrant Assistance</u>	<u>Title IV</u>	<u>Title V</u>	<u>Preschool</u>
Revenues							
Intergovernmental revenues	\$ 1,235,346	\$ 487,316	\$ 52,051	\$ -	\$ 11,683	\$ 754	\$ 47,180
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>1,235,346</u>	<u>487,316</u>	<u>52,051</u>	<u>-</u>	<u>11,683</u>	<u>754</u>	<u>47,180</u>
Expenditures							
Education	1,228,146	487,316	52,051	934	11,683	-	47,011
Total expenditures	<u>1,228,146</u>	<u>487,316</u>	<u>52,051</u>	<u>934</u>	<u>11,683</u>	<u>-</u>	<u>47,011</u>
Excess (deficiency) of revenues over (under) expenditures	7,200	-	-	(934)	-	754	169
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 7,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (934)</u>	<u>\$ -</u>	<u>\$ 754</u>	<u>\$ 169</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2010

	NASA <i>Technology Integration</i>	<i>Homeland Security</i>	<i>PL 94-142 Part B</i>	<i>PL 94-142 Part B ARRA</i>	<i>Preschool ARRA</i>	<i>Title I ARRA</i>	<i>Perkins</i>
Revenues							
Intergovernmental revenues	\$ -	\$ 38,757	\$1,492,240	\$ 701,404	\$ 54,963	\$ 649,494	\$ 214,926
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>38,757</u>	<u>1,492,240</u>	<u>701,404</u>	<u>54,963</u>	<u>649,494</u>	<u>214,926</u>
Expenditures							
Education	-	38,757	1,489,215	701,404	54,963	649,249	214,926
Total expenditures	<u>-</u>	<u>38,757</u>	<u>1,489,215</u>	<u>701,404</u>	<u>54,963</u>	<u>649,249</u>	<u>214,926</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	3,025	-	-	245	-
Fund balances - beginning of year	-	-	-	-	-	-	-
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2010

	<i>Fresh Fruits & Vegetables</i>	<i>Teaching American History</i>	<i>Literacy for All</i>	<i>Enhancing Education Through Tech</i>	<i>E2T3</i>	<i>E2T2 ARRA</i>	<i>RI State Improvement Waddington</i>
Revenues							
Intergovernmental revenues	\$ 9,943	\$ -	\$ 1,003	\$ 78,369	\$ 35,695	\$ 23,094	\$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	9,943	-	1,003	78,369	35,695	23,094	-
Expenditures							
Education	10,053	-	1,003	77,322	35,695	23,094	-
Total expenditures	10,053	-	1,003	77,322	35,695	23,094	-
Excess (deficiency) of revenues over (under) expenditures	(110)	-	-	1,047	-	-	-
Fund balances - beginning of year	110	50	1,113	2,535	-	-	-
Fund balances (deficits) - end of year	\$ -	\$ 50	\$ 1,113	\$ 3,582	\$ -	\$ -	\$ -

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2010

	<i>Wellness and Physical Education</i>	<i>Career Tech. Center - Ind. Contractor</i>	<i>United Way</i>	<i>EPHS Arts</i>	<i>Legislative Technology Martin</i>	<i>Legislative Technology Watters</i>	<i>Legislative Technology Hennessey</i>
Revenues							
Intergovernmental revenues	\$ -	\$ 8,402	\$ -	\$ -	\$ 4,273	\$ -	\$ 1,000
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>8,402</u>	<u>-</u>	<u>-</u>	<u>4,273</u>	<u>-</u>	<u>1,000</u>
Expenditures							
Education	-	8,402	-	-	4,273	-	1,000
Total expenditures	<u>-</u>	<u>8,402</u>	<u>-</u>	<u>-</u>	<u>4,273</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-
Fund balances - beginning of year	<u>1,520</u>	<u>-</u>	<u>255</u>	<u>2,300</u>	<u>1,801</u>	<u>167</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ 2,300</u>	<u>\$ 1,801</u>	<u>\$ 167</u>	<u>\$ -</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Special Revenue Funds - School Restricted Fund
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended October 31, 2010

	<i>Legislative Technology Oldham</i>	<i>Feinstein</i>	<i>Champlin Grant</i>	<i>RIRIE</i>	<i>R.I. Parent Information Network</i>	<i>National Geographic</i>	<i>Orlo School City of East Providence</i>
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures							
Education	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-
Fund balances - beginning of year	<u>70</u>	<u>1,396</u>	<u>165</u>	<u>4,275</u>	<u>1,181</u>	<u>68</u>	<u>48</u>
Fund balances (deficits) - end of year	<u>\$ 70</u>	<u>\$ 1,396</u>	<u>\$ 165</u>	<u>\$ 4,275</u>	<u>\$ 1,181</u>	<u>\$ 68</u>	<u>\$ 48</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

For the Fiscal Year Ended October 31, 2010

	<i>Federal Stabilization</i>	<i>Vocational Training for Adults</i>	<i>Education Jobs ARRA</i>	<i>Silver Spring Library</i>	<i>RITIE</i>
Revenues					
Intergovernmental revenues	\$ 2,167,946	\$ 47,270	\$ 1,124,364	\$ -	\$ -
Charges for services	-	9,900	-	-	-
Contributions and private grants	-	-	-	-	-
Total revenues	<u>2,167,946</u>	<u>57,170</u>	<u>1,124,364</u>	<u>-</u>	<u>-</u>
Expenditures					
Education	2,167,732	46,053	1,124,364	-	-
Total expenditures	<u>2,167,732</u>	<u>46,053</u>	<u>1,124,364</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	214	11,117	-	-	-
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>733</u>
Fund balances (deficits) - end of year	<u>\$ 214</u>	<u>\$ 11,117</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 733</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Special Revenue Funds - School Restricted Fund

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

For the Fiscal Year Ended October 31, 2010

	<i>Safe Routes</i>	<i>RI State Council on the Arts</i>	<i>Verizon Corporate</i>	<i>R.I. Historical</i>	<i>Total</i>
Revenues					
Intergovernmental revenues	\$ 1,251	\$ 1,497	\$ -	\$ -	\$ 8,490,221
Charges for services	-	-	-	-	9,900
Contributions and private grants	-	-	5,000	-	5,000
Total revenues	<u>1,251</u>	<u>1,497</u>	<u>5,000</u>	<u>-</u>	<u>8,505,121</u>
Expenditures					
Education	1,251	1,497	-	-	8,477,394
Total expenditures	<u>1,251</u>	<u>1,497</u>	<u>-</u>	<u>-</u>	<u>8,477,394</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	5,000	-	27,727
Fund balances - beginning of year	-	-	-	294	18,082
Fund balances (deficits) - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 294</u>	<u>\$ 45,809</u>

A G E N C Y F U N D S

**Agency Funds account
for assets held by the City
as an agent for individuals,
organizations or other governmental units.**

Student Activities Fund – This fund accounts for monies derived from school sponsored student activities.

Savings Bond Account – This fund is used to account for payroll deductions made by City employees to purchase U.S. Savings Bonds.

Employee Dine Out Account – This fund accounts for collections of money of City employees to purchase Dine Out and Treat Out books.

Probate Court Account – This fund accounts for monies collected from probated estates held on behalf of their heirs.

Contractor's Escrow Account – This fund accounts for monies held by the City to insure maintenance of the detention pond.

Waterfront Commission – This fund accounts for monies held on behalf of the Waterfront Commission.

Basins Maintenance Escrow Account – This fund accounts for monies held by the City from various developers to defray the maintenance cost of retention and detention water ponds.

CITY OF EAST PROVIDENCE, RHODE ISLAND

Combining Statement of Net Assets

Agency Funds

October 31, 2010

	<i>Student Activities Fund</i>	<i>Savings Bond Account</i>	<i>Employee Dine Out Account</i>	<i>Probate Court Account</i>	<i>Contractor's Escrow Account</i>	<i>Waterfront Commission</i>	<i>Basins Maintenance Escrow Account</i>	<i>Total Agency Funds</i>
Assets								
Cash	\$247,172	\$ 1,769	\$ 4	\$ 782	\$ -	\$ 618	\$ 25	\$250,370
Investments	-	-	-	-	142,240	91,587	4,421	238,248
Due from other funds	<u>5,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,081</u>	<u>-</u>	<u>32,151</u>
Total assets	<u><u>\$252,242</u></u>	<u><u>\$ 1,769</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 782</u></u>	<u><u>\$142,240</u></u>	<u><u>\$119,286</u></u>	<u><u>\$ 4,446</u></u>	<u><u>\$520,769</u></u>
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,499	\$ -	\$ 22,499
Due to other funds	-	-	-	-	-	3,512	-	3,512
Deposits held in custody for others	<u>252,242</u>	<u>1,769</u>	<u>4</u>	<u>782</u>	<u>142,240</u>	<u>93,275</u>	<u>4,446</u>	<u>494,758</u>
Total liabilities	<u><u>\$252,242</u></u>	<u><u>\$ 1,769</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ 782</u></u>	<u><u>\$142,240</u></u>	<u><u>\$119,286</u></u>	<u><u>\$ 4,446</u></u>	<u><u>\$520,769</u></u>

CITY OF EAST PROVIDENCE, RHODE ISLAND

Tax Collector's Annual Report

For the Fiscal Year Ended October 31, 2010

Real Estate and Personal Property Taxes

<u>Year</u>	<u>Balance November 1, 2009</u>	<u>Current Year Assessment</u>	<u>Supplemental Billings</u>	<u>Discounts, Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance October 31, 2010</u>
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,690	\$ (9,690)
2010	(6,659)	87,805,607	61,660	(3,306,521)	84,554,087	66,354,471	18,199,616
2009	17,581,780	-	778	(252,924)	17,329,634	16,168,665	1,160,969
2008	1,018,779	-	-	(6,496)	1,012,283	761,650	250,633
2007	229,359	-	-	(3,125)	226,234	48,486	177,748
2006	213,435	-	-	(1,982)	211,453	11,872	199,581
2005 and prior	936,209	-	-	(167,974)	768,235	10,178	758,057
	<u>\$ 19,972,903</u>	<u>\$ 87,805,607</u>	<u>\$ 62,438</u>	<u>\$ (3,739,022)</u>	<u>\$ 104,101,926</u>	<u>\$ 83,365,012</u>	<u>\$ 20,736,914</u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 4,058,563,341	\$ 81,141,901
Motor vehicles	118,380,480	4,391,927
Personal property	238,265,060	11,415,291
Total	<u>4,415,208,881</u>	<u>96,949,119</u>
Exemptions	<u>470,566,824</u>	<u>9,143,512</u>
Net assessed value	<u><u>\$ 3,944,642,057</u></u>	<u><u>\$ 87,805,607</u></u>

SINGLE AUDIT SECTION

***REPORT ON THE 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***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of and for the year ended October 31, 2010, which collectively comprise the City of East Providence, Rhode Island's basic financial statements and have issued our report thereon dated May 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-02 and 10-03 to be material weaknesses.

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 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 as item 10-01.

We noted certain matters that we reported to the management of the City of East Providence, Rhode Island in a separate letter dated May 13, 2011.

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

This report is intended solely for the information and use of management, the City Council, the School Committee, the State of Rhode Island Auditor General 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.

Bacon & Company, LLC

Warwick, Rhode Island
May 13, 2011

***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***

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

Compliance

We have audited the City of East Providence, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of East Providence, Rhode Island's major federal programs for the year ended October 31, 2010. The City of East Providence, Rhode Island'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 of East Providence, Rhode Island's management. Our responsibility is to express an opinion on the City of East Providence, Rhode Island'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 of East Providence, Rhode Island'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 of East Providence, Rhode Island's compliance with those requirements.

As described in item 10-09 in the accompanying schedule of findings and questioned costs, the City of East Providence, Rhode Island did not comply with requirements regarding special tests and provisions that are applicable to its Child Nutrition Cluster – National School Lunch and School Breakfast Program. Compliance with such requirements is necessary, in our opinion, for the City of East Providence, Rhode Island to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of East Providence, Rhode Island complied, in all material respects, with the compliance 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, 2010.

Internal Control Over Compliance

Management of the City of East Providence, Rhode Island 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 of East Providence, Rhode Island's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 of East Providence, Rhode Island's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-04, 10-05, 10-06 and 10-09 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-07 and 10-08 to be significant deficiencies.

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

This report is intended solely for the information and use of management, the City Council, the School Committee, the State of Rhode Island Auditor General, 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.

Bacon & Company, LLC

Warwick, Rhode Island
May 13, 2011

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor's 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? X yes 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 weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs: qualified

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

Identification of major programs

<i>CFDA Number</i>	<i>Name of Program or Cluster</i>
97.044	Assistance to Firefighters
97.067	Homeland Security Cluster – Homeland Security Grant
84.010A	Title I Part A Cluster - Title I
84.389	Title I Part A Cluster - Title I ARRA
84.027A	Special Education Cluster – IDEA
84.173A	Special Education Cluster – Preschool
84.391	Special Education Cluster – IDEA ARRA
84.392	Special Education Cluster – Preschool ARRA
84.048A	Perkins/Vocational Training for Adults
84.367A	Title II – Professional Development
14.218	Community Development Block Grant
84.394	State Fiscal Stabilization Grant

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS (Continued)

Identification of major programs

<i>CFDA Number</i>	<i>Name of Program or Cluster</i>
66.458	Capitalization Grants for Clean Water State Revolving Funds - ARRA
66.468	Capitalization Grants for Drinking Water State Revolving Funds - ARRA
10.555	Child Nutrition Cluster – National School Lunch Program
10.553	Child Nutrition Cluster – National School Breakfast Program
84.410	Education Jobs Fund - ARRA

Dollar threshold used to distinguish
between Type A and Type B programs: \$443,269

Auditee qualified as low-risk auditee? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

10-01 Finding: Rhode Island General Law 16-2-18 prohibits Rhode Island School Departments from having a deficit. The East Providence School Department’s School Unrestricted Fund had a cumulative fund deficit of \$(6,316,787) as of October 31, 2010. The City and School Department are in violation of Rhode Island General Laws.

Recommendation: We recommend that the City and School Department implement a plan to fund the cumulative deficit.

City Response: The City Council and the School Committee are working aggressively in reviewing all possible options in an effort to reduce and eliminate this deficit. They understand the magnitude of the situation and a deficit elimination committee has been formed to find ways to reduce or eliminate this deficit.

School Department Response: At this date, the City Council and the School Committee along with members of the School Department have formed a Deficit Elimination Committee to address the issue of the deficit. By early June, this Committee must have a recommendation to the City Council and School Committee regarding how this deficit can be eliminated while addressing the immediate cash flow needs of the School Department.

10-02 Finding: The City and School Department do not have policies and procedures in place to properly maintain and account for capital assets. The City and the School Department have not established procedures to maintain the list of capital assets on a perpetual basis. The City did not update the list of capital assets for current year additions and deletions, and only updated the depreciation schedule as of October 31, 2010. The School Department prepared a list of capital assets and depreciation schedule as of October 31, 2010, but it was completed several months after year-end. The City and School Department have also not performed a physical inventory of capital assets in several years.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Recommendation: We recommend that the City and School Department establish policies and procedures to account for additions, deletions and adjustments to the list of capital assets throughout the year on at least a quarterly basis. These procedures should include a physical inventory of capital assets at least bi-annually. This will ensure proper recording and safeguarding of capital assets.

City Response: The City agrees that a biannual inventory program should be established. The City will research the option of either upgrading the current system or instituting a new system.

School Department Response: The School Department, working with IT, will endeavor to complete a physical inventory of property owned by the School Department. However, this is a very time consuming task. With staffing issues and other pressing demands, it has been difficult to complete this task in past years.

10-03 Finding: The City did not record to the general ledger transactions related to its RI Clean Water Finance Agency (RICWFA) loans and the RI Health and Educational Building Corporation (RIHEBC) lease. This resulted in material misstatements to the enterprise and capital project fund financial statements. As a result, numerous audit adjustments were proposed to record the transactions as of October 31, 2010.

Recommendation: We recommend that transactions related to the RICWFA loans and the RIHEBC lease be recorded to the general ledger in a timely manner and reconciled to investment and debt statements as part of the monthly financial closing process.

City Response: The City is now in the process of recording these transactions.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Program: Special Education Cluster – IDEA, Preschool, IDEA ARRA, Preschool ARRA;
Title II – Professional Development

Agency: U.S. Department of Education

Pass through: R.I. Department of Education

CFDA Number: 84.027A; 84.173A; 84.391; 84.392; 84.367A

10-04 Criteria: An entity is responsible for maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal award programs.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Condition: The School Department has internal control policies and procedures to ensure compliance with the types of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds requirements. The School Department’s internal control procedure to ensure compliance with these requirements is the approval of all grant expenditures by the Grant Coordinator.

We selected a sample of forty expenditures and determined that eleven of the expenditures had no documentation to support that the expenditures had been approved by the Grant Coordinator. The School Department’s internal controls over compliance of the requirements of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds are not operating effectively.

Questioned Cost: None

Recommendation: We recommend that the School Department adhere to its established policies and procedures to ensure compliance with requirements of federal award programs.

School Department Response: All grant expenditures will be approved by the Grant Coordinator/Administrator to ensure compliance with requirements of federal award programs.

Program: Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.048A

10-05 Criteria: Program income directly generated by a federally funded project during the grant period must be used in one of three ways: deducted from outlays, added to the project budget, or used to meet matching requirements. Program income includes, but is not limited to, fees for services performed or the sale of commodities or items fabricated under a grant agreement.

Condition: The School Department does not properly account for program income related to its Perkins and Vocational Training for Adults grants. Although course fees are recorded in the Perkins and Vocational Training for Adults restricted grant funds, other fees for services performed and sales of goods are recorded to the Career and Technical Center special revenue fund.

Questioned Costs: None

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation: We recommend that the School Department record all program income related to the Perkins and Vocational Training for Adults grants in the restricted grant funds to ensure the program income properly offsets outlays or is added to the grant budget.

School Department Response: The School Department will record all income generated by the Perkins and Vocational Training for Adults grants in the grant funds to ensure program income offsets outlays or is added to the grant budget. The major source of past grant generated revenue was from the Phlebotomy Program which was removed from the grant effective 9/1/2010. The little revenue that is generated from several of the other programs will be spent on the specific programs that generate the revenue and will be maintained and accounted for by the Director of the CTC.

Program: Assistance to Firefighters

Agency: U.S. Department of Homeland Security

Pass-through: Not applicable - Direct

CFDA Number: 97.044

10-06 Criteria: 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 more than 1 year.

Condition: Equipment records were not maintained and a physical inventory of equipment has not been performed in the last 2 years for equipment purchased with Federal grant funds.

Questioned Costs: None

Recommendation: We recommend that the City prepare an equipment list, perform a physical inventory of equipment purchased with Federal grant funds at least every 2 years and compare the inventory to the equipment records as required by Federal requirements.

City Response: The Fire Department has already begun to take steps to remedy the problem. They are currently updating their inventory lists to reflect all assets purchased with Federal dollars over \$5,000 and will perform a physical inventory within the next fiscal year.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Program: Community Development Block Grant

Agency: U.S. Department of Housing and Urban Development

Pass-through: Not applicable - Direct

CFDA Number: 14.218

10-07 Criteria: The Federal Cash Transaction Report (SF-272) must be filed 15 calendar days following the end of each quarter with the Federal awarding agency to comply with reporting requirements.

Condition: The City did not file any of the quarterly Federal Cash Transaction Reports in a timely manner during fiscal year 2010.

Questioned Costs: None

Recommendation: We recommend that the City file the Federal Cash Transaction Reports (SF-272) within 15 calendar days following the end of each quarter as required by Federal requirements.

City Response: The Community Development Division has created a schedule series within its electronic calendars that will provide prompts to staff within the 15 day period after the end of each quarter to generate the Cash Transaction Reports.

Program: Child Nutrition Cluster – National School Lunch and School Breakfast Program

Agency: U.S. Department of Agriculture

Pass-through: R.I. Department of Education

CFDA Number: 10.555; 10.553

10-08 Criteria: For a child to be eligible for free or reduced lunch benefits the child must be directly certified or the household must submit a complete application and be determined to be either categorically eligible or income eligible. The certifying school official must verify the application is complete, determine eligibility and approve the application.

Condition: During our testing of compliance of the eligibility requirements, we noted ten out of twenty-five applications selected that were not completed properly. For example, several applications were missing the social security number or did not list all household members in Part 4 – Total Household Gross Income. The School Department could also not locate an application for one of the students selected.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Questioned Costs: None

Recommendation: We recommend that more care be taken when reviewing the applications to ensure applications are completed properly as required by U.S.D.A. guidelines. We also recommend that all supporting documentation be maintained on file to support the determination of eligibility.

Program: Child Nutrition Cluster – National school Lunch and School Breakfast Program

Agency: U.S. Department of Agriculture

Pass-through: R.I. Department of Education

CFDA Number: 10.555; 10.553

10-09 Criteria: The School Department is required to perform eligibility verifications on a sample basis each year by November 15. Sampling documentation and verification results must be maintained on file. In addition, a student's eligibility status must be changed if through the verification process the student's status changes.

Condition: Based on our testing of the School Department's eligibility verifications procedures we noted the following:

- a. Eligibility verifications were due to the R.I. Department of Education by November 15, 2009. The Schools selected for testing; East Providence High School; Martin Middle School; and Orlo Avenue Elementary School did not file eligibility verifications until December 2009.
- b. Martin Middle School was unable to provide the supporting documentation to verify that the free and reduced lunch roster had been changed for those students whose eligibility status changed through the verification process.
- c. Verification forms to support the verification report submitted to the R.I. Department of Education could not be provided at Orlo Avenue Elementary School.
- d. The High School was required to verify twelve applications per federal requirements, but only seven applications were verified. We also determined that three students' eligibility status changed through the verification process and the free and reduced lunch roster was not changed.

Questioned Costs: None

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended October 31, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Recommendation: We recommend that income eligibility verifications be filed with the R.I. Department of Education by November 15 each year and that supporting documentation be properly maintained at each school. More care must be taken when determining sample sizes and completing verification procedures to ensure compliance with federal requirements. We also recommend that students determined to be ineligible or students who do not respond to income verification requests be properly changed on the free/reduced lunch roster.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended October 31, 2010

Program: State Fiscal Stabilization Grant

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.394

09-03 Criteria: Attachment B of OMB Circular A-87 “*Cost Principles for State, Local, and Indian Tribal Governments*” states that wages, salaries and fringe benefits charged to federal awards are allowable only to the extent that they are determined and documented as provided in Section 8(h). Specifically, where employees work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must reflect after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee was compensated. Personnel activity reports must be prepared at least monthly and must coincide with one or more pay periods. Finally, personnel activity reports must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed **do not qualify** as support for the charges to Federal awards.

Condition: School Department employees charged to the State Fiscal Stabilization Grant did not complete the required semi-annual time certifications for fiscal year 2009.

Questioned Costs: None

Recommendation: We recommend that the School Department ensure that all employees charged to Federal grants who work on a single cost objective complete semi-annual certifications as required by OMB Circular A-87.

School Department Response: We will be sure that all employees charged to federal grants complete semi-annual certifications as required by OMB Circular A-87.

Status: No exceptions were noted during our current year testing.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended October 31, 2010

Program: Special Education Cluster – IDEA; Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass through: R.I. Department of Education

CFDA Number: 84.027A; 84.048A

09-04 Criteria: An entity is responsible for maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal award programs.

Condition: The School Department has internal control policies and procedures to ensure compliance with the types of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds requirements. The School Department's internal control procedure to ensure compliance with these requirements is the approval of all grant expenditures by the Grant Coordinator.

We selected a sample of forty expenditures and determined that five of the expenditures had no documentation to support that the expenditures had been approved by the Grant Coordinator. The School Department's internal controls over compliance of the requirements of activities allowed/unallowed, allowable costs/cost principles and period of availability of federal funds are not operating effectively.

Questioned Cost: None

Recommendation: We recommend that the School Department adhere to its established policies and procedures to ensure compliance with requirements of federal award programs.

School Department Response: All grant expenditures will be approved by the Grant Coordinator/Administrator to ensure compliance with requirements of federal award programs.

Status: See current year finding 10-04.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended October 31, 2010

Program: Community Development Block Grant

Agency: U.S. Department of Housing and Urban Development

Pass-through: Not Applicable – Direct

CFDA Number: 14.218

09-05 Criteria: The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) requires that property acquired must be appraised by qualified independent appraisers, that all appraisals must be examined by a review appraiser to ensure acceptability, and that after acceptance, the review appraiser must certify the approved value of the property for establishment of the offer of just compensation to the owner.

Condition: The City did not obtain the required independent appraisals or certification of a review appraiser for its purchase of real property acquired with Community Development Block Grant funds.

Questioned Costs: None

Recommendation: We recommend that the City adhere to federal requirements related to real property acquisition.

City Response: The City will comply with all Federal guidelines in future real estate purchases.

Status: No real property was acquired with Community Development Block Grant funds in the current year.

Program: Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.048A

09-06 Criteria: A physical inventory of equipment purchased with Federal grant funds must be performed at least once every 2 years and compared to the equipment records.

Condition: The School Department has not performed a physical inventory of equipment purchased with Federal grant funds in the last 2 years.

Questioned Costs: None

CITY OF EAST PROVIDENCE, RHODE ISLAND
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended October 31, 2010

Recommendation: We recommend that the School Department perform a physical inventory of equipment purchased with Federal grant funds at least once every 2 years and compare the equipment inventory with equipment records as required by Federal requirements.

School Department Response: The School Department will strive to perform a physical inventory of equipment purchased with Federal grant funds every two years and compare the inventory with fixed asset records.

Status: A physical inventory of Perkins and Vocational Training for Adults grant equipment was performed and compared with the equipment list. The School Department has established a policy requiring an annual physical inventory for Perkins and Vocational Training for Adults grant equipment.

Program: Perkins/Vocational Training for Adults

Agency: U.S. Department of Education

Pass-through: R.I. Department of Education

CFDA Number: 84.048A

09-07 Criteria: Program income directly generated by a federally funded project during the grant period must be used in one of three ways: deducted from outlays, added to the project budget, or used to meet matching requirements. Program income includes, but is not limited to, fees for services performed or the sale of commodities or items fabricated under a grant agreement.

Condition: The School Department does not properly account for program income related to its Perkins and Vocational Training for Adults grants. Course fees and other fees for services performed are recorded to the Career and Technical Center special revenue fund instead of to the Perkins and Vocational Training for Adults restricted grant funds.

Questioned Costs: None

Recommendation: We recommend that the School Department record all course fees and other fees related to the Perkins and Vocational Training for Adults grants in the restricted grant funds to ensure the program income properly offsets outlays or is added to the grant budget.

School Department Response: The School Department will record all income generated by the Perkins and Vocational Training for Adults grants in the grant funds to ensure program income offsets outlays or is added to the grant budget.

Status: See current year finding 10-05.

CITY OF EAST PROVIDENCE, RHODE ISLAND

*Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2010*

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Expenditures</i>
U.S. Department of Education			
Pass-through RI Department of Education:			
State Fiscal Stabilization Grant	84.394	4572-10502-001/101	\$ 2,167,732
Education Jobs Fund - ARRA	84.410	4572-13102-101	1,124,364
<i>Special Education Cluster (IDEA):</i>			
PL-94-142 - Project IDEA	84.027A	2725-13202-001/101	1,489,215
Preschool Section 619	84.173A	2725-13502-001/101	47,011
PL-94-142 - Project IDEA - ARRA	84.391	4572-10202-001/101	701,404
Preschool Section 619 - ARRA	84.392	4572-10802-001/101	54,963
Title IV	84.186A	2725-12602-001/101	11,683
<i>Title I Part A Cluster:</i>			
Title I	84.010A	2725-11702-001/101	1,228,146
Title I - ARRA	84.389	4572-10102-001/101	649,249
Title III LEP	84.365A	2725-16502-001/101	52,051
Title III LEP	84.365A	1420-54100-901	786
Perkins	84.048	2725-15302-001/101	214,926
Vocational Training for Adults	84.048A	2725-15602-001/101	46,053
Title II - Professional Development	84.367A	2725-16402-001/101	487,316
<i>Education Technology State Grants Cluster:</i>			
Title II - Technology - Enhancing Education through Technology	84.318X	1420-53600-910	35,695
Title II - Technology - Enhancing Education through Technology	84.318X	1420-53600-930/2725-12902-130	77,322
Title II - Technology - Enhancing Education through Technology - ARRA	84.386	4572-10702-030	23,094
Total U.S. Department of Education			<u>8,411,010</u>
U.S. Department of Housing and Urban Development			
Direct:			
Community Development Block Grant	14.218	B09-MC-44-0005	666,695
Total U.S. Department of Housing and Urban Development			<u>666,695</u>
U.S. Department of Agriculture			
Pass-through RI Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	888,231
National School Breakfast Program	10.553	N/A	114,350
Food Distribution	10.550	N/A	109,862
Fresh Fruits & Vegetables	10.582	2725-17602-020	10,053
Total U.S. Department of Agriculture			<u>1,122,496</u>
U.S. Department of the Interior			
Direct:			
Save America's Treasures	15.000	44-03-ML-1347	59,271
Total U.S. Department of the Interior			<u>59,271</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended October 31, 2010

<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 Justice			
Direct:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.804	N/A	95,158
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	23,072
Federal Seized Assets	16.000	N/A	177,534
Pass-through RI Public Safety Grant Administration Office:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.804	GR-8026	56,248
Edward Byrne Memorial Justice Assistance Grant	16.738	GR-8212	6,494
Title V Delinquency Prevention and Intervention	16.548	GR-8410	15,000
Total U.S. Department of Justice			<u>373,506</u>
U.S. Environmental Protection Agency			
Pass-through RI Clean Water Finance Agency:			
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	N/A	1,129,725
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	N/A	1,391,731
Total U.S. Environmental Protection Agency			<u>2,521,456</u>
U.S. Department of Health and Human Services			
Pass through RI Department of Behavioral Healthcare, Developmental Disabilities and Hospitals:			
Strategic Planning Framework State Incentive Grant	93.243	N/A	130,069
Pass-through RI Department of Health:			
MEDS	93.069	N/A	30,891
Total U.S. Department of Health and Human Services			<u>160,960</u>
U.S. Department of Homeland Security			
Direct:			
Assistance to Firefighters	97.044	EMW-2008-FO-09694	584,354
Fire Prevention and Safety	97.044	EMW-2008-FP-02288	133,125
Fire Port Security	97.056	N/A	4,135
Pass-through RI Emergency Management Agency:			
Homeland Security Cluster:			
Homeland Security Grant	97.067	10-23-FY07/FY08/FY09	105,075
Homeland Security Grant	97.067	10-353-FY07/FY08 UASI	74,637
Homeland Security Grant	97.067	10-23-FY07/FY08/FY09 UASI	380,382
Homeland Security Grant	97.067	10-710-FY09 UASI	38,757
Disaster Grants	97.036	FEMA-1894-DR RI	110,078
Total U.S. Department of Homeland Security			<u>1,430,543</u>

(Continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended October 31, 2010

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Grantor's Number</i>	<i>Expenditures</i>
U.S. Department of Transportation			
Pass-through RI Department of Transportation:			
<i>Highway Planning Construction Cluster:</i>			
Safe Routes to School	20.205	N/A	1,251
Total U.S. Department of Transportation			<u>1,251</u>
U.S. Department of Energy			
Direct:			
Energy Study	81.000	N/A	22,400
Pass-through RI Office of Energy Resources:			
ARRA Energy Efficiency Conservation Block Grant	81.128	N/A	6,042
Total U.S. Department of Energy			<u>28,442</u>
Total Expenditures of Federal Awards			<u>\$ 14,775,630</u>

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
October 31, 2010

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of East Providence, Rhode Island and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.