

City of Pawtucket Rhode Island



Pawtucket

— JOIN THE EVOLUTION —

**Basic Financial Statements
And Required Supplementary Information
Fiscal Year Ended June 30, 2016**

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

**Donald R. Grebien
Mayor**



**Joanna L'Heureux
Finance Director**

Prepared by Finance Department

CITY OF PAWTUCKET, RHODE ISLAND

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INTRODUCTORY SECTION

This Section Contains the Following Subsections

**LIST OF CITY OFFICIALS
ORGANIZATIONAL CHART**

CITY OF PAWTUCKET, RHODE ISLAND

LIST OF CITY OFFICIALS

JUNE 30, 2016

CITY COUNCIL

DAVID P. MORAN, PRESIDENT

THOMAS E. HODGE

SANDRA C. CANO

JOHN J. BARRY III

TERENCE MERCER

TIMOTHY RUDD

LORENZO TETREALT

MARY E. BRAY

MARK J. WILDENHAIN

MAYOR

DONALD R. GREBIEN

DIRECTOR OF ADMINISTRATION

ANTONIO J. PIRES

FINANCE DEPARTMENT

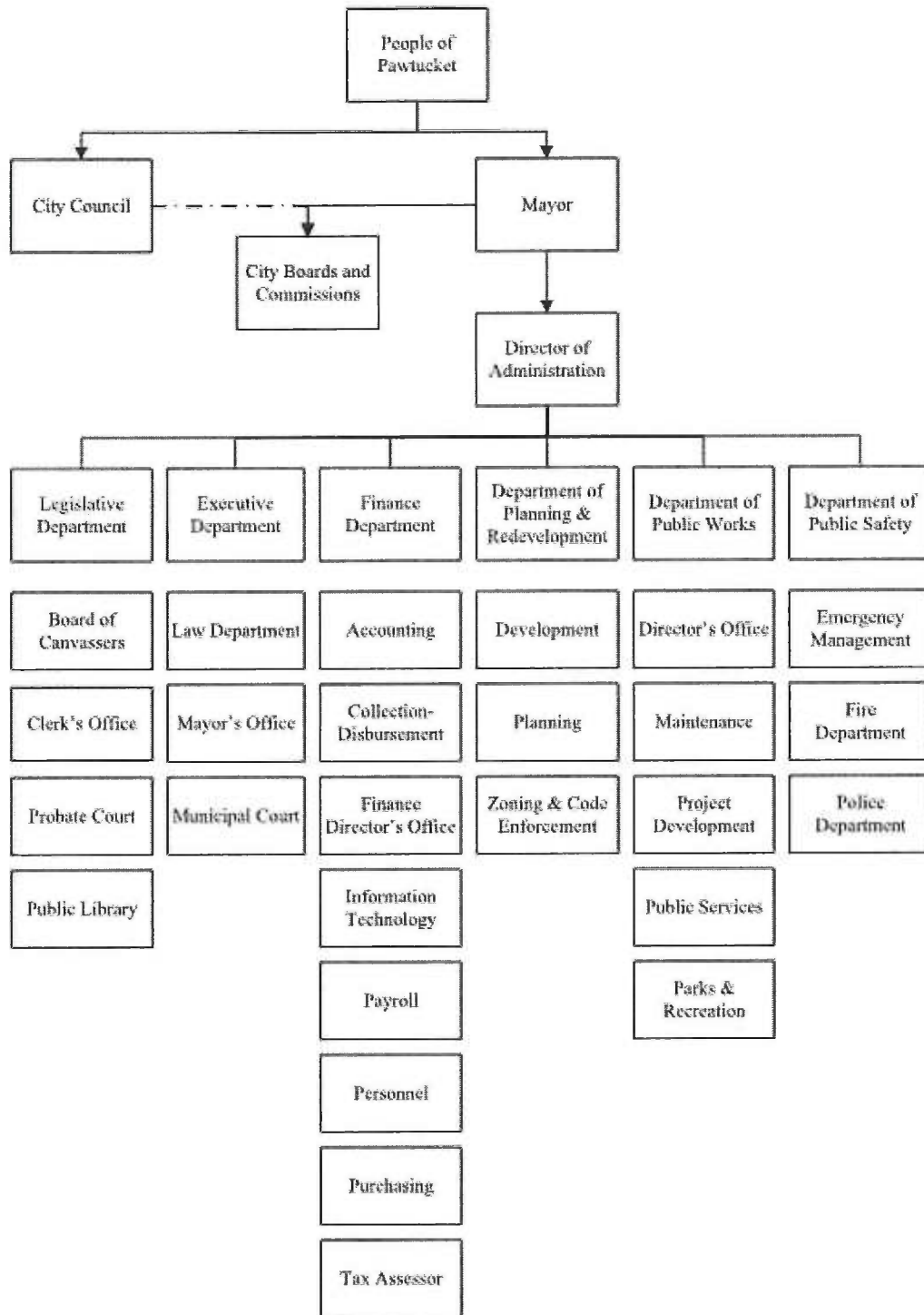
JOANNA L'HEUREUX, FINANCE DIRECTOR

JEANNINE BOURSKI, DEPUTY FINANCE DIRECTOR

SHAUN STROBEL, TREASURER / TAX COLLECTOR

ROBERT W. BURNS, TAX ASSESSOR

DAVID CLEMENTE, PURCHASING DIRECTOR



FINANCIAL SECTION

This Section Contains the Following Subsections

**INDEPENDENT AUDITORS' REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER SUPPLEMENTARY INFORMATION**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pawtucket, Rhode Island (the City) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pawtucket, Rhode Island, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 and budgetary comparison schedules, budgetary to GAAP basis reconciliation, schedule of changes to net pension liability and related ratios, schedule of pension liability, schedule of employer contributions, schedule of investment returns, schedule of funding progress for the City's other postemployment benefit obligations, and schedule of the employer contributions to the City's other postemployment benefit obligations on pages 89 through 108, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pawtucket, Rhode Island's basic financial statements. The combining and individual nonmajor fund financial statements, Annual Supplemental Transparency Report and accompanying notes, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Annual Supplemental Transparency Report and accompanying notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual nonmajor fund financial statements, and Annual Supplemental Transparency Report and accompanying notes are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2017, on our consideration of the City of Pawtucket, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pawtucket, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, RI
January 3, 2017

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

CITY OF PAWTUCKET, RHODE ISLAND
Management's Discussion and Analysis

Our discussion and analysis of the City of Pawtucket, Rhode Island's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. This discussion and analysis should be read in conjunction with the City's financial statements that follow this section.

Financial Highlights

- ❖ The City's total net position decreased by \$10,839,529 as a result of this year's operations. On a government-wide basis, the City's liabilities and deferred inflows of resources for the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$146,543,747.
- ❖ Net position of business activities increased by \$3,723,693, or 4.8%, while net position of governmental activities decreased by \$14,563,222 or 6.8%.
- ❖ The City's government-wide (governmental and business activities) operating expenses were \$299,865,794, a 25.70% increase from the prior year, while revenues collected were \$289,026,265 a 21.1% increase from the prior year.
- ❖ As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$20,945,184. Approximately 35% of this amount, \$7,291,493 is unassigned and available for use at the government's discretion.
- ❖ The remaining fund balance of \$13,653,691 includes \$1,602,548 in non-spendable funds, \$8,957,574 in restricted funds, \$2,356,568 in committed funds and \$737,001 in assigned funds.

New Significant Accounting Standards

For the fiscal year ended June 30, 2016, the City adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to investment and pension reporting:

- GASB statement No. 72, "*Fair Value Measurement and Application*" and
- GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*"

GASB Statement No. 72 (Statement) changed the footnote disclosures for investments. Please refer to Note 3 for more information.