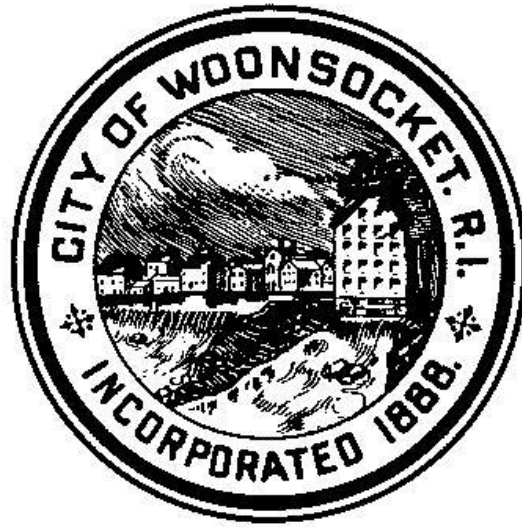


**CITY OF WOONSOCKET, RHODE ISLAND**

Annual Financial Report

Year Ended June 30, 2016



**CITY OF WOONSOCKET, RHODE ISLAND**  
*Year Ended June 30, 2016*

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## Table of Contents

<i>Introductory Section</i> .....	1
List of Elected and Appointed Officials .....	2
Organizational Chart .....	3
<i>Financial Section</i> .....	4
Independent Auditors' Report.....	5
Management's Discussion and Analysis .....	8
<i>Basic Financial Statements</i> .....	20
Statement of Net Position .....	21
Statement of Activities .....	23
Balance Sheet – Governmental Funds .....	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds .....	25
Reconciliation of Governmental Funds Fund Balances to the Statement of Net Position.....	26
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	27
Statement of Net Position – Proprietary Funds .....	28
Statement of Changes in Net Position – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds .....	31
Statement of Net Position – Fiduciary Funds.....	33
Statement of Changes in Net Position – Fiduciary Funds .....	34
Notes to the Financial Statements .....	35
<i>Required Supplementary Information</i> .....	91
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	92
WED Unrestricted Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	94
Notes to Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	95
Municipal Employees' Retirement System of Rhode Island .....	96
Schedule of Changes in Net Pension Liability and Related Ratios .....	96
Schedule of Contributions .....	97
Notes to Pension Schedules .....	98
Employees' Retirement System of Rhode Island .....	99
Schedule of Proportionate Share of Net Liability .....	99
Schedule of Contributions .....	100
Notes to the Pension Schedules.....	101
Police and Fire Employee Pension Plan.....	102

**CITY OF WOONSOCKET, RHODE ISLAND**

*Year Ended June 30, 2016*

---

Schedule of Changes in Net Pension Liability and Related Ratios .....	102
Schedule of Investment Returns.....	103
Schedule of Contributions .....	103
Notes to the Pension Schedules.....	104
Other Post-Employment Benefits .....	105
Schedule of Fund Progress .....	105
Schedule of Employers Contributions.....	106
Notes to Other Post-Employment Benefits .....	108
<i>Supplementary Information</i> .....	109
General Fund .....	110
Report of Tax Collector .....	111
Non-Major Governmental Funds .....	112
Combining Balance Sheet .....	113
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	123
Fiduciary Funds .....	131
Private Purpose Trust Funds – Combing Statement of Fiduciary Net Position.....	132
Private Purpose Trust Funds – Combining Statement of Changes in Fiduciary Net Position .....	133
Agency Funds – Combining Statement of Assets and Liabilities .....	134
Trend Information .....	135
Net Position by Component (Unaudited).....	136
Changes in Net Position by Component (Unaudited) .....	138
<i>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</i> .....	142

## *Introductory Section*

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## List of Elected and Appointed Officials

Mayor	Lisa Baldelli-Hunt
City Council	Daniel M. Gendron, President Jon Brien, V.P. Christopher Beauchamp James Cournoyer Richard Fagnant Mellissa Murray Denise Sierra
Tax Assessor	Elyse Pare
Director of Finance	Christine Chamberland
Controller	Cindy Johnston
Public Safety	Eugene Jalette
Fire Chief	Paul Shatraw
Police Chief	Thomas Oates III
City Clerk	Christina Duarte
City Solicitor	Vacant
Public Works	Steven D'Agostino
Superintendent of Schools	Patrick McGee
Business Manager	Brad Peryea
Planning	N. David Booley
Human Services	Lina Plays

## Organizational Chart

<b>EXECUTIVE</b> 2 Positions	<b>LEGISLATIVE</b> 19 Positions 25 Members	<b>FINANCE</b> 23 Positions	<b>PLANNING</b> 19 Positions 12 Members	<b>PUBLIC SAFETY</b> 221 Positions	<b>PUBLIC WORKS</b> 81 Positions
<b>Mayor</b> 2 Positions	<b>City Council</b> 7 Council Members	<b>Office of the Director</b> 5 Positions	<b>Office of the Director</b> 2 Positions	<b>Office of the Director</b> 1 Position	<b>Office of the Director</b> 2 Positions
<b>Law</b> 3 Positions	<b>City Clerk</b> 3 Positions	<b>Tax Assessing</b> 3 Positions	<b>Planning</b> 5 Board Members 2 Positions	<b>Police</b> 91 Officers 21 Civilians	<b>Engineering</b> 2 Positions
<b>Office of the Solicitor</b> 3 Positions	<b>Probate Court</b> 1 Position	<b>Controls</b> 3 Positions	<b>Development</b> 4 Positions	<b>Fire</b> 107 Positions	<b>Public Service</b> 38 Positions
<b>Human Services</b> 1 Position	<b>Board of Assessment Review</b> 3 Board Members	<b>Treasury</b> 6 Positions	<b>Zoning, Bldg Insp &amp; Const</b> 7 Board Members 11 Positions	<b>Emergency Management</b> 1 Position	<b>City Property</b> 3 Positions
<b>Office of the Director</b> 1 Position	<b>Board of Canvassers</b> 3 Board Members 2 Positions	<b>Personnel</b> 2 Positions			<b>Solid Waste</b> 1 Position
<b>Economic Development</b> 1 Position	<b>Zoning Board of Review</b> 7 Board Members	<b>Municipal Court</b> 4 Positions			<b>Wastewater</b> 2 Positions
<b>Office of the Director</b> 1 Position	<b>Library Board of Trustees</b> 5 Board Members 13 Positions				<b>Water</b> 33 Positions

## *Financial Section*

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CERTIFIED PUBLIC ACCOUNTANTS

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City Council  
City of Woonsocket, Rhode Island

## *Independent Auditor's Report*

### Report on the Financial Statements

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 Woonsocket, Rhode Island, as of and for the 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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 opinions.



### *Opinions*

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

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and other post-employment benefit plan schedules on pages 8 to 19, pages 92 to 95 and pages 96 to 108, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woonsocket, Rhode Island's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and trend information 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 5, 2017, on our consideration of the City of Woonsocket, 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 Woonsocket, Rhode Island's internal control over financial reporting and compliance.

*Hague, Sahady & Co., CPA's, PC*

**Hague, Sahady & Co., CPA's, PC**  
Fall River, Massachusetts  
January 5, 2017

# CITY OF WOONSOCKET, RHODE ISLAND

## Management Discussion and Analysis

Year Ended June 30, 2016

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The management of the City of Woonsocket, Rhode Island (herein, City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal years ended June 30, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements and notes to the financial statements.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

### **Financial Highlights**

- On a government-wide basis, liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows by \$127,296,424. Net position for the governmental activities was a deficit of \$188,072,300 and net position for business-type activities was \$60,775,876.
- On a government-wide basis, the City's total net position decreased by \$4,141,912. The decrease is due to a \$10,598,406 decrease in net position for the governmental activities and a \$6,456,494 increase for business-type activities.

Governmental activities decreased mainly due to a \$9,023,012 increase in pension expense.

Business-type activities increased due to the rate structure approved in prior years that is funding future capital improvements for both the Water fund and the Regional Wastewater fund.

- The City's governmental funds reported a combined ending fund balance of \$15,262,754, an increase of \$5,276,871 in comparison with the prior year. \$4,869,186 of this amount is available for spending at the government's discretion (unassigned fund balance). The increase is due to positive operations of the general fund of \$3,203,604 and the Woonsocket Education Department (herein, WED) unrestricted fund of \$1,051,892.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$5,654,439. This represents 4.2% of budgetary expenditures and other financing uses.
- The City's total bonded debt and notes payable increased by \$325,665 during the current fiscal year as a result of the issuance of \$6,130,000 of refunding bonds and \$14,000,000 of RI clean water bonds, less principal payments of substantially the same amounts.
- The City's total net capital assets increased by \$11,462,228 during the current fiscal year. Of the \$11,462,228 change, the *governmental activities and the school proprietary enterprise fund* decreased \$2,208,004 and \$17,485 (respectively) as a result of depreciation in excess of current year asset additions. The *water, wastewater and user charges enterprise funds* increased by \$1,357,032, \$12,123,226, \$207,458 (respectively) as a result of current year asset additions in excess of depreciation. The most significant portion of the \$12,123,226 increase in the wastewater enterprise fund was as a result of ongoing construction to the Woonsocket Regional Waste Water Trust Fund Capital Improvements Project which was substantially completed at fiscal year-end 2016."

## **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Woonsocket's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus the individual components of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. The report also contains other required supplementary information and supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The statements provide both short-term and long-term information about City's financial position, which assists in assessing the City's economic position at the end of the fiscal year.

The government-wide financial statements include two statements:

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between these accounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial health. Other non-financial events such as the impact of changes in the City's tax base or infrastructure should also be considered when evaluating the City's financial health.

The *statement of activities* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the cash is actually received or paid. Therefore, revenues and expenses are reported in this statement for some items whose cash flow may occur in a future fiscal period. Taxes uncollected but levied or vacation leave unused but earned are examples of this.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, planning and development, finance, law, public safety, public works, education, and debt service. The business-type activities of the City include the Water Fund, the Regional Wastewater Fund, the User Charge Fund and the WED Proprietary Fund.

The government-wide financial statements can be found on pages 21 through 23 of this report.

### **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 funds of the City can be divided into the following three categories: governmental funds, proprietary funds and fiduciary funds.

# CITY OF WOONSOCKET, RHODE ISLAND

## Management Discussion and Analysis

Year Ended June 30, 2016

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**Governmental Funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds to 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 a comparison between governmental funds and governmental activities.

For governmental funds, the City presents separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, City capital projects, City capital fund, WED capital fund, and WED unrestricted fund, all of which are considered to be major funds. The remaining City and WED governmental funds are combined, respectively, into a single, aggregated presentation. Individual fund data for each of the City's non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund and its WED unrestricted fund. Budgetary comparison statements have been provided to demonstrate compliance with their respective budgets.

**Proprietary Funds** - The City uses one type of proprietary funds. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to report the activities of the Water Fund, the Regional Wastewater Fund, the User Charge Fund and the WED Proprietary Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Regional Wastewater Fund, the User Charge Fund and the WED Proprietary Fund. The Water Fund, the Regional Wastewater Fund, and the User Charge Fund are considered major funds, while the WED Proprietary Fund is not.

The basic proprietary fund financial statements can be found on pages 28 through 32.

**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 fund financial statements can be found on pages 33 and 34.

### **Notes to Financial Statements**

The notes to financial statements 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 financial statements can be found starting on page 35 of this report.

**CITY OF WOONSOCKET, RHODE ISLAND**

Management Discussion and Analysis

Year Ended June 30, 2016

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets and the City's progress in funding its obligation to provide pension and other post-employment benefits to employees. This and other supplementary information can be found immediately following the notes to financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$127,296,424 at the close of the current fiscal year.

**Condense Statement of Net Position June 30, 2016 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current assets	\$ 33,391,199	\$ 33,262,732	\$ 35,517,028	\$ 34,738,210	\$ 68,908,227	\$ 68,000,942
Non-current assets	176,858,588	171,026,682	92,878,530	74,682,386	269,737,118	245,709,068
Total assets	<u>210,249,787</u>	<u>204,289,414</u>	<u>128,395,558</u>	<u>109,420,596</u>	<u>338,645,345</u>	<u>313,710,010</u>
<b>Deferred outflows of resources</b>						
Pension related and other	21,390,115	10,799,187	774,329	177,796	22,164,444	10,976,983
Total deferred outflows of resources	<u>21,390,115</u>	<u>10,799,187</u>	<u>774,329</u>	<u>177,796</u>	<u>22,164,444</u>	<u>10,976,983</u>
Total assets and deferred outflows of resources	<u>\$ 231,639,902</u>	<u>\$ 215,088,601</u>	<u>\$ 129,169,887</u>	<u>\$ 109,598,392</u>	<u>\$ 360,809,789</u>	<u>\$ 324,686,993</u>
<b>Liabilities</b>						
Current liabilities	\$ 25,732,678	\$ 25,866,894	\$ 7,267,439	\$ 5,388,457	\$ 33,000,117	\$ 31,255,351
Long-term liabilities	381,842,855	352,907,976	60,833,382	49,398,904	442,676,237	402,306,880
Total liabilities	<u>407,575,533</u>	<u>378,774,870</u>	<u>68,100,821</u>	<u>54,787,361</u>	<u>475,676,354</u>	<u>433,562,231</u>
<b>Deferred inflows of resources</b>						
Pension related and other	12,136,669	13,787,625	293,190	491,649	12,429,859	14,279,274
Total deferred inflows of resources	<u>12,136,669</u>	<u>13,787,625</u>	<u>293,190</u>	<u>491,649</u>	<u>12,429,859</u>	<u>14,279,274</u>
<b>Net Position</b>						
Investment in capital assets, net of related debt	168,087,518	86,471,881	26,985,501	31,172,354	195,073,019	117,644,235
Restricted	7,336,171	5,721,937	7,289,646	7,561,236	14,625,817	13,283,173
Unrestricted	(363,495,989)	(269,667,712)	26,500,729	15,585,792	(336,995,260)	(254,081,920)
Total net position	<u>(188,072,300)</u>	<u>(177,473,894)</u>	<u>60,775,876</u>	<u>54,319,382</u>	<u>(127,296,424)</u>	<u>(123,154,512)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 231,639,902</u>	<u>\$ 215,088,601</u>	<u>\$ 129,169,887</u>	<u>\$ 109,598,392</u>	<u>\$ 360,809,789</u>	<u>\$ 324,686,993</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Management Discussion and Analysis

*Year Ended June 30, 2016*

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By far, the largest portion of the City's net position is its investment in capital assets. Capital assets include land, construction in progress, buildings, improvements, machinery and equipment and infrastructure, less any related debt used to acquire those assets that is 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.

An additional portion of the City's net position represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$336,995,260.

**CITY OF WOONSOCKET, RHODE ISLAND**  
Management Discussion and Analysis  
Year Ended June 30, 2016

**Condensed Statement of Changes in Net Position for the Years Ended June 30, 2016 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for service	\$ 6,304,593	\$ 6,835,168	\$ 26,462,974	\$ 23,733,359	\$ 32,767,567	\$ 30,568,527
Operating grants & contributions	67,391,257	67,794,701	2,904,604	3,043,158	70,295,861	70,837,859
Capital grants & contributions	6,059,840	5,351,014	-	-	6,059,840	5,351,014
General Revenues:						
Property taxes	65,517,289	63,293,047	-	-	65,517,289	63,293,047
Grants and contributions not restricted to specific programs	6,013,887	5,719,930	-	-	6,013,887	5,719,930
Investment income	60,494	17,576	9,449	208	69,943	17,784
<b>Total revenue</b>	<b>151,347,360</b>	<b>149,011,436</b>	<b>29,377,027</b>	<b>26,776,725</b>	<b>180,724,387</b>	<b>175,788,161</b>
<b>Expenses:</b>						
Executive	144,904	153,359	-	-	144,904	153,359
Legislative - general government	2,429,743	2,269,146	-	-	2,429,743	2,269,146
Planning and development	1,036,428	1,085,732	-	-	1,036,428	1,085,732
Finance	2,207,543	1,661,140	-	-	2,207,543	1,661,140
Law	626,023	536,535	-	-	626,023	536,535
Public safety	51,884,763	46,018,271	-	-	51,884,763	46,018,271
Public works	7,825,596	8,098,868	-	-	7,825,596	8,098,868
Economic development	1,021,432	117,155	-	-	1,021,432	117,155
Human services	392,608	223,096	-	-	392,608	223,096
Education	86,255,215	82,136,198	-	-	86,255,215	82,136,198
Budget commission	52,221	394,821	-	-	52,221	394,821
Interest and other costs	8,069,290	9,124,849	-	-	8,069,290	9,124,849
Water Fund	-	-	6,226,858	5,448,953	6,226,858	5,448,953
Regional Wastewater Fund	-	-	6,134,788	6,104,575	6,134,788	6,104,575
User Charge Fund	-	-	7,509,938	6,689,257	7,509,938	6,689,257
School Proprietary Funds	-	-	3,048,949	3,173,114	3,048,949	3,173,114
<b>Total expenses</b>	<b>161,945,766</b>	<b>151,819,170</b>	<b>22,920,533</b>	<b>21,415,899</b>	<b>184,866,299</b>	<b>173,235,069</b>
Increase(decrease) in net position before transfers	(10,598,406)	(2,807,734)	6,456,494	5,360,826	(4,141,912)	2,553,092
Transfers	-	(157,531)	-	157,531	-	-
Increase(decrease) in net position	(10,598,406)	(2,965,265)	6,456,494	5,518,357	(4,141,912)	2,553,092
Net position - beginning of year (restated)	(177,473,894)	(174,508,629)	54,319,382	48,801,025	(123,154,512)	(125,707,604)
Net position - end of year	<u>\$ (188,072,300)</u>	<u>\$ (177,473,894)</u>	<u>\$ 60,775,876</u>	<u>\$ 54,319,382</u>	<u>\$ (127,296,424)</u>	<u>\$ (123,154,512)</u>



# CITY OF WOONSOCKET, RHODE ISLAND

## Management Discussion and Analysis

Year Ended June 30, 2016

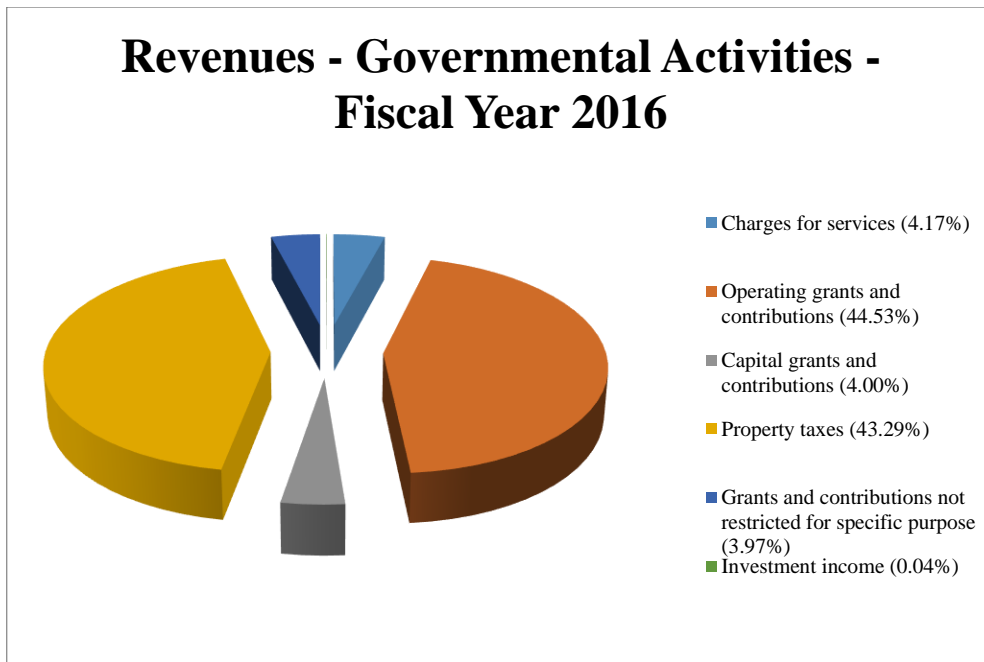
**Governmental Activities** - Governmental activities resulted in a decrease of the City's net position by \$10,598,406. A discussion of fiscal year 2016 activity follows:

### Revenues

Governmental activities revenues totaled \$151,347,360 for fiscal year 2016. This represents an increase of \$2,335,924 from the prior year. Operating grants and contributions are the largest revenue source for the City and represent 44.53% of revenues, it includes grants for education, general government, public safety and public works. Property taxes are the second largest revenue source for the City and represent 43.29% of revenues. Current tax collections were 96% of the adjusted tax levy. Capital grants and contributions revenues, which include grants for school building construction and other general government activities, account for 4.00% of revenues. Grants and contributions not restricted to a specific programs include payments in lieu of taxes and represents 3.97% of revenues. Charges for services accounts for 4.17% of revenues.

The most significant fluctuations from the prior year were as follows:

- Property taxes increased \$2,224,242 due to an increase in the adopted budget and interest on delinquent taxes.
- Capital grants and contributions increased by \$708,826 due to increased WED housing aid.

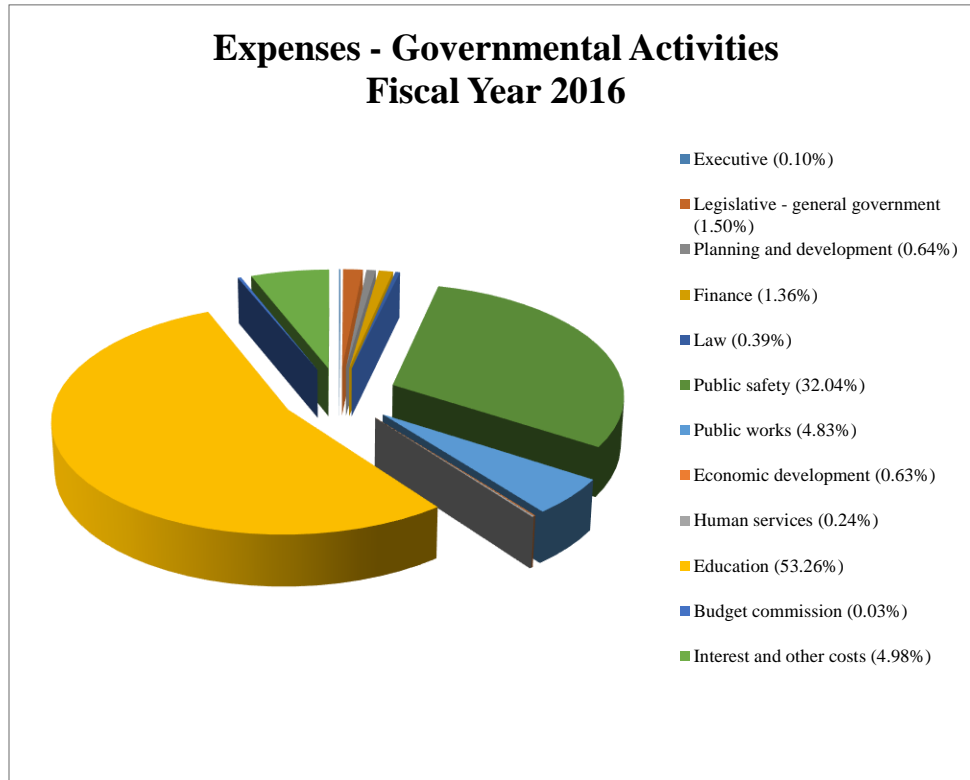


**CITY OF WOONSOCKET, RHODE ISLAND**  
Management Discussion and Analysis  
Year Ended June 30, 2016

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**Expenses**

Governmental expenses totaled \$161,945,766 for the fiscal year, an increase of \$10,126,596. Of the expenses, \$86,255,215 or 53.26% is related to education. Public safety expenses were \$51,884,763 or 32.04%, public works expenses amounted to \$7,825,596 or 4.83% and interest expense on long-term debt and other related costs were \$8,069,290 or 4.98%.



The most significant fluctuations from the prior year were as follows:

- Public safety increased by \$5,866,492 due to increased pension and OPEB expense.
- Education increased by \$4,119,017 due to increased pension and OPEB expense.

***Business-Type Activities*** - Business-type activities resulted in an increase to the City's net position of \$6,456,494. General revenues do not support the City's business-type activities; thus, the only source of revenues is from charges for services.

- Water Fund operations resulted in operating income of \$2,956,051. This was consistent with the prior year. Total net position at the end of the year was \$31,342,233.
- The Regional Wastewater Fund reported operating income of \$3,291,392 at year end. This represents a \$1,051,302 increase from the prior year. The change is due to a significant increase in charges for services. Total net position at the end of the year was \$21,666,311.
- The User Charge Fund reported operating income of \$1,770,844 at year end. This was consistent with the prior year. Total net position at the end of the year was \$7,202,338.

Net position in the WED Proprietary Fund was \$564,994 at year end. Operations resulted in a change in net position of \$149,996 due to decreased expenses.

**CITY OF WOONSOCKET, RHODE ISLAND**  
Management Discussion and Analysis  
*Year Ended June 30, 2016*

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## **Financial Analysis of City's Funds**

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

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

As of June 30, 2016, the City's governmental funds reported a combined ending fund balance of \$15,262,754, an increase of \$5,276,871 in comparison with the prior year. Of this total amount, \$926,540 is nonspendable fund balance, \$6,747,317 is restricted fund balance, and \$2,719,711 constitutes committed fund balance. The remainder is unassigned fund balance of \$4,869,186.

**General Fund.** The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$5,654,439, while total fund balance reached \$7,402,122.

The City's total fund balance in the general fund increased by \$3,203,604 during the current fiscal year primarily due to an increase in general property taxes of \$2,419,333 from the prior year.

**City Capital Projects Fund.** This fund accounts for financial resources to be used for capital projects of the City. The fund's expenditures exceeded revenues by \$27,366 for the fiscal year.

**City Capital Fund.** This fund accounts for operating surplus funding set aside for City capital projects as per a resolution enacted by the City of Woonsocket Budget Commission. The fund's revenues and other transfers in exceeded expenditures by \$84,058 for the fiscal year.

**WED Capital Fund.** This fund accounts for operating surplus funding set aside for Education Department capital projects as per a resolution enacted by the City of Woonsocket Budget Commission. The fund's transfers in exceeded transfers out by \$189,528.

**WED Unrestricted Fund.** This fund accounts for operations of the education department. Fund revenues and transfers in exceeded expenditures and transfers out by \$1,051,892 for the fiscal year. This is a result of increased state aid.

**WED Restricted Fund.** This fund accounts for specially financed Education Department programs under grants received from the Federal Government and the State of Rhode Island. Fund expenditures and transfers out exceeded revenues and transfers in by \$342,744 for the 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. The City has four proprietary funds, the Water Fund, the Regional Wastewater Fund, the User Charge Fund and the WED Proprietary Fund. The individual fund's activities are discussed above under business-type activities.

## **General Fund Budgetary Highlights**

Revenues exceeded expenditures and other financing uses by \$4,064,030. This operating result was primarily due to overall actual revenues exceeding budgetary estimates by approximately \$2,646,839. There were also savings of \$466,170 in miscellaneous expenditures.

**CITY OF WOONSOCKET, RHODE ISLAND**

Management Discussion and Analysis

Year Ended June 30, 2016

**WED Unrestricted Fund Budgetary Highlights**

Revenues and other financing sources exceeded expenditures and other financing uses by \$696,969. Major differences in the WED unrestricted fund budget to actual include:

- Medicaid claims exceeded budgeted amounts by \$811,558 due to claims that were reprocessed in the current year.
- Employee benefits exceeded budgeted amounts by \$1,429,058 due to an unexpected increase in first quarter healthcare costs.
- Budgeted property and equipment amounts exceeded actual amounts by \$1,798,713 due to delayed commencement of building improvements.

**Capital Asset and Debt Administration**

*Capital Assets* - The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2016 amounted to \$168,818,678 and \$88,352,618, respectively. This investment in capital includes land, construction in progress, buildings, improvements, machinery and equipment, vehicles and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$11,462,228.

**Capital Assets - Net  
June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 5,862,586	\$ 5,862,586	\$ 1,024,888	\$ 960,321	\$ 6,887,474	\$ 6,822,907
Construction in progress	623,395	1,257,196	4,069,028	26,811,932	4,692,423	28,069,128
Buildings and improvements	132,220,511	134,378,040	57,948,081	21,798,394	190,168,592	156,176,434
Machinery and equipment	1,210,700	726,463	1,622,388	1,693,158	2,833,088	2,419,621
Vehicles	1,303,519	1,123,928	95,664	10,054	1,399,183	1,133,982
Infrastructure	27,597,967	27,678,469	23,592,569	23,408,527	51,190,536	51,086,996
Total	<u>\$ 168,818,678</u>	<u>\$ 171,026,682</u>	<u>\$ 88,352,618</u>	<u>\$ 74,682,386</u>	<u>\$ 257,171,296</u>	<u>\$ 245,709,068</u>

Major capital asset events during the current fiscal year include the following:

- \$37,800,000 of construction in progress was placed into service in buildings and improvements. The total amount pertained to the City's wastewater treatment facility, which was substantially completed in the current year.

Additional information on the City's capital assets can be found in Note 5.

**CITY OF WOONSOCKET, RHODE ISLAND**  
Management Discussion and Analysis  
Year Ended June 30, 2016

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**Long-term Debt** - At the end of the current fiscal year, the City had total bonded debt and loans outstanding of \$215,288,839 backed by the full faith and credit of the City.

**Outstanding Debt General Obligation Bonds and Notes**  
**June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 153,876,026	\$ 163,802,308	\$ 55,252,000	\$ 43,391,000	\$ 209,128,026	\$ 207,193,308
Leases payable	45,696	89,597	6,115,117	7,680,268	6,160,813	7,769,865
	\$ 153,921,722	\$ 163,891,905	\$ 61,367,117	\$ 51,071,268	\$ 215,288,839	\$ 214,963,173

The City's total debt increased by \$325,666 during the fiscal year. The increase is a direct result of new issuances exceeding principal payments.

In September of 2016, the City's bond rating was upgraded to a Ba3 rating by Moody's Investors Service and was upgraded in June 2016 by Fitch Ratings to a BBB rating.

State Statutes limit the amount of general obligation debt a governmental entity may have outstanding to 3% of its assessed value of property values. The City of Woonsocket's limit is \$57,197,436 at June 30, 2016. The City's outstanding general obligation debt is \$209,128,026 at year end, of which \$16,136,025 is subject to legal debt limits. The debt limit calculation does not include \$74,705,000 of pension obligation bonds, \$63,695,000 of Middle School bonds and \$54,592,000 of Rhode Island Clean water bonds as they are exempt from the legal debt limit calculation under Rhode Island Public Law.

Additional information on the City's long-term debt can be found in Note 7.

# CITY OF WOONSOCKET, RHODE ISLAND

## Management Discussion and Analysis

Year Ended June 30, 2016

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### **Economic Factors and Next Year's Budgets and Rates**

Woonsocket's seasonally unadjusted 2016 unemployment rate (October) is 6.8% which is higher than the overall average rates for both Rhode Island (4.8%) and the United States (4.7%). The US Census Bureau estimates the median household income (2015) for Woonsocket residents to be \$36,420 versus \$56,852 for all Rhode Island residents and \$53,889 for all United States residents. Approximately 25% of Woonsocket's residents have household incomes below the poverty level versus 13.9% of all residents of Rhode Island, and 13.5% of all United States residents.

The City's general fund budget for fiscal 2017 is \$136,945,186 which represents an increase of \$1,543,598 over the budget for fiscal 2016. Of the fiscal 2017 budget increase, education expenditures under the WED rose by \$2,485,683 while all other City expenditures declined by \$942,085.

The City's largest fiscal 2017 budgeted expenditures are for WED support (\$73,856,246), public safety (\$17,739,402) and debt service (\$15,400,875), each of which represents over 10% of the general fund budget. The WED's 2017 budget is primarily funded by state appropriations of \$55,762,416 and a City contribution of \$16,166,130. The City's 2017 budgeted expenditures are primarily funded by expected property tax revenues of \$65,974,669 and state aid of \$7,699,476.

The 2017 property tax levy for the City is \$62,904,295 with 75.01% designated for municipal services and 24.99% allocated to the WED. The City's tax rates for fiscal 2017, as billed on a per thousand basis, declined from the prior fiscal year for Residential (\$31.84 v. \$36.58) and Commercial (\$38.34 v. \$40.70) properties, and stayed constant with the prior fiscal year at \$46.58 for Motor Vehicles and Tangible properties. Net Assessed Values for fiscal 2017 are \$1,739,964,197, a \$101,580,258 increase over the prior fiscal year.

### **Budget Commission**

The State Director of Revenue appointed a Budget Commission in May 2012 to oversee the City of Woonsocket's finances under the law known as the Act Relating to Cities and Towns - Providing Financial Stability, R.I. Gen. Laws §45-9-1, et seq. (the "Fiscal Stability Act"). On March 19, 2015, the Rhode Island Director of Revenue determined that the Budget Commission had met its goal of returning financial stability to the City, and it was disbanded. At that time, all control of the City was returned to its executive, legislative and administrative functions, in accordance with its Charter.

### **Requests for Information**

The 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 of the information provided in this report should be addressed to the Director of Finance, Woonsocket City Hall, 169 Main Street, Woonsocket, Rhode Island 02895.

*Basic Financial Statements*

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**CITY OF WOONSOCKET, RHODE ISLAND**

Statement of Net Position

June 30, 2016

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 21,089,623	\$ 20,621,230	\$ 41,710,853
Cash held in escrow	-	7,289,646	7,289,646
Receivables, net:			
Property taxes	3,754,743		3,754,743
Accounts	3,187,913	7,347,601	10,535,514
Intergovernmental	4,210,449	176,156	4,386,605
Loans	50,000	-	50,000
Internal balances	357,860	(155,471)	202,389
Prepays and inventory at cost	740,611	237,866	978,477
Total current assets	<u>33,391,199</u>	<u>35,517,028</u>	<u>68,908,227</u>
Noncurrent assets			
Restricted assets:			
Temporarily restricted:			
Cash	51,449	277,570	329,019
Investments	-	4,133,737	4,133,737
Permanently restricted:			
Cash	185,929	-	185,929
Total restricted assets	<u>237,378</u>	<u>4,411,307</u>	<u>4,648,685</u>
Other noncurrent assets:			
Receivables, net			
Property taxes	3,760,920	-	3,760,920
Loans	4,041,612	-	4,041,612
Total other noncurrent assets	<u>7,802,532</u>	<u>-</u>	<u>7,802,532</u>
Net OPEB asset	<u>-</u>	<u>114,605</u>	<u>114,605</u>
Capital assets, net of accumulated depreciation:			
Land	5,862,586	1,024,888	6,887,474
Construction in progress	623,395	4,069,028	4,692,423
Buildings and improvements	132,220,511	57,948,081	190,168,592
Machinery and equipment	1,210,700	1,622,388	2,833,088
Vehicles	1,303,519	95,664	1,399,183
Infrastructure	27,597,967	23,592,569	51,190,536
Total capital assets, net of accumulated depreciation	<u>168,818,678</u>	<u>88,352,618</u>	<u>257,171,296</u>
Total noncurrent assets	<u>176,858,588</u>	<u>92,878,530</u>	<u>269,737,118</u>
Total assets	<u>210,249,787</u>	<u>128,395,558</u>	<u>338,645,345</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	262,333	-	262,333
Pension related	21,127,782	774,329	21,902,111
Total deferred outflows of resources	<u>21,390,115</u>	<u>774,329</u>	<u>22,164,444</u>
Total assets and deferred outflows of resources	<u>\$ 231,639,902</u>	<u>\$ 129,169,887</u>	<u>\$ 360,809,789</u>

*The accompanying notes are an integral part of these statements*



**CITY OF WOONSOCKET, RHODE ISLAND**

Statement of Net Position

June 30, 2016

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,179,285	\$ 2,875,781	\$ 5,055,066
Accrued wages payable	9,172,499	1,762	9,174,261
Accrued interest payable	2,687,076	525,853	3,212,929
Unearned revenue	2,179,508	43,261	2,222,769
Bonds and notes payable	7,541,282	2,178,000	9,719,282
Capital lease obligation	45,696	1,642,782	1,688,478
Compensated absences	1,912,332	-	1,912,332
Landfill post closure obligation	15,000	-	15,000
<b>Total current liabilities</b>	<b>25,732,678</b>	<b>7,267,439</b>	<b>33,000,117</b>
Noncurrent liabilities:			
Bonds, notes and related liabilities	147,627,944	53,074,000	200,701,944
Capital lease obligation	-	4,472,335	4,472,335
Compensated absences	7,649,165	382,100	8,031,265
Landfill post closure obligation	531,900	-	531,900
Net OPEB obligation	68,773,229	1,479,241	70,252,470
Net pension liability	157,260,617	1,425,706	158,686,323
<b>Total long-term liabilities</b>	<b>381,842,855</b>	<b>60,833,382</b>	<b>442,676,237</b>
<b>Total liabilities</b>	<b>407,575,533</b>	<b>68,100,821</b>	<b>475,676,354</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance property tax collections	105,528	-	105,528
Pension related	12,031,141	293,190	12,324,331
<b>Total deferred inflows of resources</b>	<b>12,136,669</b>	<b>293,190</b>	<b>12,429,859</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	168,087,518	26,985,501	195,073,019
Restricted for:			
Endowments:			
Nonexpendable	185,929		185,929
Expendable	51,449		51,449
Legislative	249,408		249,408
Public safety	455,640		455,640
Public works	292,844		292,844
Economic development	258,500		258,500
Human services	-		-
Education	3,440,633		3,440,633
Capital outlay	2,401,768	7,289,646	9,691,414
Unrestricted	(363,495,989)	26,500,729	(336,995,260)
<b>Total net position</b>	<b>(188,072,300)</b>	<b>60,775,876</b>	<b>(127,296,424)</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 231,639,902</b>	<b>\$ 129,169,887</b>	<b>\$ 360,809,789</b>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**

Statement of Activities

For the Year Ended June 30, 2016

	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Executive	\$ 144,904	\$ -	\$ -	\$ -	\$ (144,904)	\$ -	\$ (144,904)
Legislative - general governm	2,429,743	2,193,111	248,865	165,138	177,371	-	177,371
Planning and development	1,036,428	-	-	-	(1,036,428)	-	(1,036,428)
Finance	2,207,543	-	-	-	(2,207,543)	-	(2,207,543)
Law	626,023	-	-	-	(626,023)	-	(626,023)
Public safety	51,884,763	1,636,323	720,457	-	(49,527,983)	-	(49,527,983)
Public works	7,825,596	1,855,167	350,379	250,000	(5,370,050)	-	(5,370,050)
Economic development	1,021,432	79,321	1,545,540	-	603,429	-	603,429
Human services	392,608	-	75,761	-	(316,847)	-	(316,847)
Education	86,255,215	540,671	64,450,255	5,644,702	(15,619,587)	-	(15,619,587)
Budget commission	52,221	-	-	-	(52,221)	-	(52,221)
Interest and other costs	8,069,290	-	-	-	(8,069,290)	-	(8,069,290)
Total governmental activities	161,945,766	6,304,593	67,391,257	6,059,840	(82,190,076)	-	(82,190,076)
<b>Business-Type Activities:</b>							
Water Fund	6,226,858	8,747,659	-	-	-	2,520,801	2,520,801
Regional Wastwater Fund	6,134,788	8,156,722	-	-	-	2,021,934	2,021,934
User Charge Fund	7,509,938	9,264,362	-	-	-	1,754,424	1,754,424
School Proprietary Fund	3,048,949	294,231	2,904,604	-	-	149,886	149,886
Total business-type activities	22,920,533	26,462,974	2,904,604	-	-	6,447,045	6,447,045
Total primary government	<u>\$ 184,866,299</u>	<u>\$ 32,767,567</u>	<u>\$ 70,295,861</u>	<u>\$ 6,059,840</u>	<u>\$ (82,190,076)</u>	<u>\$ 6,447,045</u>	<u>\$ (75,743,031)</u>
General revenues:							
Property taxes					\$ 65,517,289	\$ -	\$ 65,517,289
Grants and contributions not restricted to specific programs					6,013,887	-	6,013,887
Unrestricted investment earnings					60,494	9,449	69,943
Total governmental revenues					71,591,670	9,449	71,601,119.00
Change in net position					(10,598,406)	6,456,494	(4,141,912)
Net position - beginning (restated)					(177,473,894)	54,319,382	(123,154,512)
Net position - ending					<u>\$ (188,072,300)</u>	<u>\$ 60,775,876</u>	<u>\$ (127,296,424)</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**

Balance Sheet – Governmental Funds

June 30, 2016

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Non-Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>City</u>	<u>City</u>	<u>WED</u>	<u>WED</u>	<u>WED</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Projects</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 5,898,818	\$ 354,351	\$ 1,403,443	\$ -	\$ 10,263,078	\$ -	\$ 3,407,309	\$ 21,326,999
Receivables:								-
Property taxes	4,528,261	-	-	-	-	-	-	4,528,261
Loans	-	-	-	-	-	-	4,091,612	4,091,612
Accounts	2,129,536	-	-	-	74,277	125	983,977	3,187,915
Intergovernmental	751,274	-	-	-	36,518	3,209,332	213,327	4,210,451
Due from other funds	2,464,191	270,118	40,000	989,528	2,469,479	1,819,126	56,281	8,108,723
Prepays and inventory at cost	337,686	-	-	-	402,925	-	-	740,611
Total assets	16,109,766	624,469	1,443,443	989,528	13,246,277	5,028,583	8,752,506	46,194,572
<b>Deferred outflows of resources</b>								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 16,109,766</u>	<u>\$ 624,469</u>	<u>\$ 1,443,443</u>	<u>\$ 989,528</u>	<u>\$ 13,246,277</u>	<u>\$ 5,028,583</u>	<u>\$ 8,752,506</u>	<u>\$ 46,194,572</u>
<b>Liabilities</b>								
Accounts payable	1,317,903	-	30,952	\$ -	\$ 337,838	\$ 123,778	\$ 368,813	\$ 2,179,284
Accrued wages and related liabilities	2,082,871	-	-	-	6,471,455	618,175	-	9,172,501
Due to other funds	718,280	990,712	251	-	3,155,007	2,459,426	427,187	7,750,863
Unearned revenue	522,049	-	-	-	76,168	-	-	598,217
Total liabilities	4,641,103	990,712	31,203	-	10,040,468	3,201,379	796,000	19,700,865
<b>Deferred inflows of resources</b>								
Unavailable revenue - property taxes	3,961,013	-	-	-	-	-	-	3,961,013
Advance property tax collections	105,528	-	-	-	-	-	-	105,528
Unavailable revenue - intergovernmental	-	-	-	-	-	1,981,191	116,663	2,097,854
Unavailable revenue - loans	-	-	-	-	-	-	4,091,612	4,091,612
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-	974,946	974,946
Total deferred inflows of resources	4,066,541	-	-	-	-	1,981,191	5,183,221	11,230,953
<b>Fund balance</b>								
Nonspendable	337,686	-	-	-	402,925	-	185,929	926,540
Restricted	-	-	1,412,240	989,528	2,802,884	234,824	1,307,841	6,747,317
Committed	1,409,997	-	-	-	-	-	1,309,714	2,719,711
Unassigned	5,654,439	(366,243)	-	-	-	(388,811)	(30,199)	4,869,186
Total fund balance	7,402,122	(366,243)	1,412,240	989,528	3,205,809	(153,987)	2,773,285	15,262,754
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 16,109,766</u>	<u>\$ 624,469</u>	<u>\$ 1,443,443</u>	<u>\$ 989,528</u>	<u>\$ 13,246,277</u>	<u>\$ 5,028,583</u>	<u>\$ 8,752,506</u>	<u>\$ 46,194,572</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Revenues, Expenditures and Changes in Fund Balance– Governmental Funds  
For the Year Ended June 30, 2016

	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Non-Major</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>City</u>	<u>City</u>	<u>WED</u>	<u>WED</u>	<u>WED</u>	<u>Other</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Capital</u>	<u>Capital</u>	<u>Capital</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Projects</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>								
General property taxes	\$ 64,692,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,692,061
Revenue in lieu of taxes	3,282,799	-	-	-	-	-	-	3,282,799
Intergovernmental grants and contracts	8,245,813	-	-	-	55,618,541	9,115,182	2,660,052	75,639,588
Departmental revenues	2,000,413	-	-	-	-	-	-	2,000,413
Licenses, fines and fees	1,496,681	-	-	-	-	-	-	1,496,681
Charges for services	713,086	-	-	-	526,471	-	1,792,799	3,032,356
Investment Income	12,480	-	1,352	-	45,071	-	17,082	75,985
Intergovernmental pension contribution	-	-	-	-	1,890,444	-	-	1,890,444
Contributions	-	-	-	-	-	153,459	91,650	245,109
Total revenue	<u>80,443,333</u>	<u>-</u>	<u>1,352</u>	<u>-</u>	<u>58,080,527</u>	<u>9,268,641</u>	<u>4,561,583</u>	<u>152,355,436</u>
<b>Expenditures :</b>								
Executive	157,558	-	-	-	-	-	-	157,558
Legislative - general government	1,366,632	-	-	-	-	-	112,472	1,479,104
Planning and development	578,820	-	-	-	-	-	-	578,820
Finance	1,432,613	-	-	-	-	-	-	1,432,613
Law	529,886	-	-	-	-	-	-	529,886
Public safety	17,948,695	-	-	-	-	-	764,180	18,712,875
Public works	5,767,899	27,994	-	-	-	-	313,171	6,109,064
Economic development	15,848	-	-	-	-	-	1,669,215	1,685,063
Human services	181,292	-	-	-	-	-	63,987	245,279
Education	-	-	-	-	73,302,992	9,313,831	2,050	82,618,873
Pension expense	7,339,297	-	-	-	-	-	-	7,339,297
Other fixed and general charges	7,368,583	250	-	-	-	-	-	7,368,833
Budget commission	52,221	-	-	-	-	-	-	52,221
Debt service:								
Principal	10,168,246	-	-	-	-	-	-	10,168,246
Interest	8,394,417	50,622	-	-	-	-	-	8,445,039
Capital outlay	-	-	207,294	-	-	-	-	207,294
Total expenditures	<u>61,302,007</u>	<u>78,866</u>	<u>207,294</u>	<u>-</u>	<u>73,302,992</u>	<u>9,313,831</u>	<u>2,925,075</u>	<u>147,130,065</u>
Excess (deficiency) of revenues over expenditures	19,141,326	(78,866)	(205,942)	-	(15,222,465)	(45,190)	1,636,508	5,225,371
<b>Other financing sources (uses):</b>								
Issuance of refunding bonds	-	6,130,000	-	-	-	-	-	6,130,000
Payment to bond escrow agents	-	(6,078,500)	-	-	-	-	-	(6,078,500)
Transfers in	1,493,609	-	290,000	575,000	16,864,248	246,698	1,133,191	20,602,746
Transfers out	(17,431,331)	-	-	(385,472)	(589,891)	(544,252)	(1,651,800)	(20,602,746)
Other financing sources (uses)	<u>(15,937,722)</u>	<u>51,500</u>	<u>290,000</u>	<u>189,528</u>	<u>16,274,357</u>	<u>(297,554)</u>	<u>(518,609)</u>	<u>51,500</u>
Excess of revenue and other sources over expenditures and other uses	3,203,604	(27,366)	84,058	189,528	1,051,892	(342,744)	1,117,899	5,276,871
Fund balance - beginning (restated)	4,198,518	(338,877)	1,328,182	800,000	2,153,917	188,757	1,655,386	9,985,883
Fund balance - ending	<u>\$ 7,402,122</u>	<u>\$ (366,243)</u>	<u>\$ 1,412,240</u>	<u>\$ 989,528</u>	<u>\$ 3,205,809</u>	<u>\$ (153,987)</u>	<u>\$ 2,773,285</u>	<u>\$ 15,262,754</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Reconciliation of Governmental Funds Fund Balances to the Statement of Net Position  
*June 30, 2016*

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Amounts reported for governmental activities in the statement of net position are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance	\$	15,262,754
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets		171,026,682
Current year capital asset additions		2,801,726
Depreciation expense		(5,009,729)

Other long-term assets are not available resources, and, therefore are not reported in the funds:

Interest receivable on property taxes		8,535,428
Allowance for doubtful accounts		(5,548,030)

Other long-term assets and deferred outflows are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property tax receivable - accrual basis change		3,961,013
Loan receivables - accrual basis change		4,091,612
Intergovernmental receivable - accrual basis change		516,563
EMS charges receivable - accrual basis change		974,946
Deferred charges on refunding		262,333
Deferred outflows related to pensions		20,648,978

Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable		(153,876,026)
Premium on bonds		(1,293,200)
Capital leases		(45,696)
Compensated absences		(9,561,496)
Landfill post closure obligation		(546,900)
Net OPEB obligation		(68,773,229)
Net pension liability		(157,260,617)
Deferred inflows related to pensions		(11,552,336)
Accrued interest payable		(2,687,076)

Net position of governmental activities	\$	<u>(188,072,300)</u>
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*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balances to the  
 Statement of Activities  
 For the Year Ended June 30, 2016

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Amounts reported for governmental activities in the statement of activities are due to:

Net change in fund balance - total governmental funds \$ 5,276,871

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	2,801,726
Depreciation expense	<u>(5,009,729)</u>
<b>Total</b>	<u><b>(2,208,003)</b></u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

Change in property tax receivable, EMS charges, intergovernmental receivable and loan receivable - accrual basis change	494,553
Change in property tax interest and loan revenue	<u>430,046</u>
<b>Total</b>	<u><b>924,599</b></u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of refunding bonds	(6,130,000)
Deferred charge on refunding	72,333
Principal repayments:	
General obligation bonds	9,006,282
General obligation refunding bonds	7,050,000
Capital lease	<u>43,901</u>
<b>Total</b>	<u><b>10,042,516</b></u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Premium on bonds	68,063
Compensated absences	(1,376,653)
Landfill postclosure obligation	(4,900)
Net OPEB obligation	(4,321,265)
Pension expense	(19,079,578)
Accrued interest payable	<u>79,944</u>
<b>Total</b>	<u><b>(24,634,389)</b></u>

Change in net position of governmental activities \$ (10,598,406)

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Net Position- Proprietary Funds  
*June 30, 2016*

<b>Business-Type Activities - Proprietary Funds</b>					
	<b>Major Fund</b>	<b>Major Fund</b>	<b>Major Fund</b>	<b>Nonmajor Fund</b>	
	<b>Water Fund</b>	<b>Regional Wastewater Fund</b>	<b>User Charge Fund</b>	<b>School Proprietary Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 12,809,381	\$ 854,174	\$ 6,657,863	\$ 299,812	\$ 20,621,230
Cash held in escrow	2,624,050	4,665,596	-	-	7,289,646
Receivables, net of allowances for collection losses	2,120,536	1,048,018	4,179,047	-	7,347,601
Intergovernmental receivables	-	-	-	176,156	176,156
Due from other funds	881,326	5,633,565	337,831	323,251	7,175,973
Prepaid expenses	65,212	169,201	3,453	-	237,866
<b>Total current assets</b>	<b>18,500,505</b>	<b>12,370,554</b>	<b>11,178,194</b>	<b>799,219</b>	<b>42,848,472</b>
Non-current assets:					
Restricted cash	277,570	-	-	-	277,570
Restricted investments	1,019,466	3,043,081	71,190	-	4,133,737
Net OPEB asset	-	5,152	109,453	-	114,605
Capital assets:					
Land	454,567	570,321	-	-	1,024,888
Construction in progress	3,807,779	-	261,249	-	4,069,028
Buildings and improvements	-	57,948,081	-	-	57,948,081
Machinery and equipment	217,063	-	1,394,961	10,364	1,622,388
Vehicles	95,664	-	-	-	95,664
Infrastructure	23,242,934	-	349,635	-	23,592,569
<b>Total capital assets</b>	<b>27,818,007</b>	<b>58,518,402</b>	<b>2,005,845</b>	<b>10,364</b>	<b>88,352,618</b>
<b>Total non-current assets:</b>	<b>29,115,043</b>	<b>61,566,635</b>	<b>2,186,488</b>	<b>10,364</b>	<b>92,878,530</b>
<b>Total assets</b>	<b>47,615,548</b>	<b>73,937,189</b>	<b>13,364,682</b>	<b>809,583</b>	<b>135,727,002</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related	664,158	110,171	-	-	774,329
<b>Total deferred outflows of resources</b>	<b>664,158</b>	<b>110,171</b>	<b>-</b>	<b>-</b>	<b>774,329</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 48,279,706</b>	<b>\$ 74,047,360</b>	<b>\$ 13,364,682</b>	<b>\$ 809,583</b>	<b>\$ 136,501,331</b>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Net Position- Proprietary Funds  
*June 30, 2016*

	Business-Type Activities - Proprietary Funds				Total
	Major Fund	Major Fund	Major Fund	Nonmajor Fund	
	Water Fund	Regional Wastewater Fund	User Charge Fund	School Proprietary Fund	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 602,294	\$ 1,683,941	\$ 346,719	\$ 242,827	\$ 2,875,781
Accrued wages and related liabilities	-	-	-	1,762	1,762
Accrued interest payable	132,859	388,345	4,649	-	525,853
Due to other funds	1,046,192	1,134,276	5,150,976	-	7,331,444
Unearned revenue	43,261	-	-	-	43,261
Bonds and notes payable	901,000	1,222,000	55,000	-	2,178,000
Capital lease obligation	-	1,642,782	-	-	1,642,782
Total current liabilities	2,725,606	6,071,344	5,557,344	244,589	14,598,883
Non-current liabilities:					
Bonds, notes and related liabilities	10,905,000	41,564,000	605,000	-	53,074,000
Capital lease obligation	-	4,472,335	-	-	4,472,335
Compensated absences	354,256	27,844	-	-	382,100
Net OPEB obligation	1,479,241	-	-	-	1,479,241
Net pension liability	1,223,141	202,565	-	-	1,425,706
Total non-current liabilities	13,961,638	46,266,744	605,000	-	60,833,382
Total liabilities	16,687,244	52,338,088	6,162,344	244,589	75,432,265
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related	250,229	42,961	-	-	293,190
Total deferred inflows of resources	250,229	42,961	-	-	293,190
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	16,012,007	9,617,285	1,345,845	10,364	26,985,501
Restricted by regulatory agencies	2,624,050	4,665,596	-	-	7,289,646
Unrestricted	12,706,176	7,383,430	5,856,493	554,630	26,500,729
Total net position	31,342,233	21,666,311	7,202,338	564,994	60,775,876
Total liabilities, deferred inflows of resources and net position	\$ 48,279,706	\$ 74,047,360	\$ 13,364,682	\$ 809,583	\$ 136,501,331

*The accompanying notes are an integral part of these statements*



**CITY OF WOONSOCKET, RHODE ISLAND**  
**Statement of Changes in Net Position- Proprietary Funds**  
*For the Year Ended June 30, 2016*

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Major Fund</b>	<b>Major Fund</b>	<b>Major Fund</b>	<b>Nonmajor Fund</b>	
	<b>Water Fund</b>	<b>Regional Wastewater Fund</b>	<b>User Charge Fund</b>	<b>School Proprietary Funds</b>	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 8,396,681	\$ 8,156,722	\$ 9,264,362	\$ 294,231	\$ 26,111,996
Intergovernmental	350,978	-	-	2,904,604	3,255,582
Total operating revenues	8,747,659	8,156,722	9,264,362	3,198,835	29,367,578
<b>OPERATING EXPENSES</b>					
Personnel services	2,949,646	457,243	117,763	173,420	3,698,072
Contractual services	736,192	3,310,397	770,072	2,795,240	7,611,901
Supplies and materials	471,839	5,864	-	62,804	540,507
Fixed and general charges	226,690	-	6,337,259	-	6,563,949
Repairs and maintenance	307,363	72,773	91,035	-	471,171
Administrative	398,390	3,872	16,809	-	419,071
Depreciation	701,488	1,015,181	160,580	17,485	1,894,734
Total operating expenses	5,791,608	4,865,330	7,493,518	3,048,949	21,199,405
Operating income (loss)	2,956,051	3,291,392	1,770,844	149,886	8,168,173
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	2,953	21	128	110	3,212
Other income	6,237	-	-	-	6,237
Interest expense	(435,250)	(1,269,458)	(16,420)	-	(1,721,128)
Total nonoperating revenue (expenses)	(426,060)	(1,269,437)	(16,292)	110	(1,711,679)
Income (loss) before transfers	2,529,991	2,021,955	1,754,552	149,996	6,456,494
Change in net position	2,529,991	2,021,955	1,754,552	149,996	6,456,494
Total net position - beginning	28,812,242	19,644,356	5,447,786	414,998	54,319,382
Total net position - ending	\$ 31,342,233	\$ 21,666,311	\$ 7,202,338	\$ 564,994	\$ 60,775,876

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Cash Flows- Proprietary Funds  
For the Year Ended June 30, 2016

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Major Fund</b>	<b>Major Fund</b>	<b>Major Fund</b>	<b>Nonmajor Fund</b>	
	<b>Water Fund</b>	<b>Regional Wastewater Fund</b>	<b>User Charge Fund</b>	<b>School Proprietary Fund</b>	
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 8,778,480	\$ 7,469,991	\$ 8,527,480	\$ 294,231	\$ 25,070,182
Operating grants	-	-	-	2,922,351	2,922,351
Payments to suppliers	(1,940,136)	(1,949,208)	(7,121,759)	(2,816,072)	(13,827,175)
Payments to employees	(2,550,449)	(393,659)	(117,763)	(173,420)	(3,235,291)
Net cash provided by (used in) operating activities	4,287,895	5,127,124	1,287,958	227,090	10,930,067
<b>Cash flows from noncapital financing activities:</b>					
Transfer (to) from other funds	(967,544)	774,708	(1,753,998)	(88,134)	(2,034,968)
Net cash provided (used) by noncapital financing activities	(967,544)	774,708	(1,753,998)	(88,134)	(2,034,968)
<b>Cash flows from capital and related financing activities:</b>					
Cash released from escrow	1,454,380	(1,182,790)	-	-	271,590
Issuance of long term debt	-	14,000,000	-	-	14,000,000
Principal payments on debt	(873,001)	(2,776,151)	(25,170)	-	(3,674,322)
Interest paid on capital debt	(435,387)	(1,266,530)	(14,684)	-	(1,716,601)
Purchase of capital assets	(2,058,522)	(13,138,407)	(368,038)	-	(15,564,967)
Net cash used by capital and related financing activities	(1,912,530)	(4,363,878)	(407,892)	-	(6,684,300)
<b>Cash flows from investing activities:</b>					
Purchase of investments	(49)	(1,014,549)	-	-	(1,014,598)
Interest and dividends	9,190	21	128	110	9,449
Net cash used by investing activities	9,141	(1,014,528)	128	110	(1,005,149)
Net increase in cash and cash equivalents	1,416,962	523,426	(873,804)	139,066	1,205,650
Balances - beginning of the year	11,669,989	330,748	7,531,667	160,746	19,693,150
Balances - end of the year	<u>\$ 13,086,951</u>	<u>\$ 854,174</u>	<u>\$ 6,657,863</u>	<u>\$ 299,812</u>	<u>\$ 20,898,800</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**

Statement of Cash Flows- Proprietary Funds

*For the Year Ended June 30, 2016*

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Major Fund</b>	<b>Major Fund</b>	<b>Major Fund</b>	<b>Nonmajor Fund</b>	
	<b>Water Fund</b>	<b>Regional Wastewater Fund</b>	<b>User Charge Fund</b>	<b>School Proprietary Fund</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 2,956,051	\$ 3,291,392	\$ 1,770,844	\$ 149,887	\$ 8,168,174
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	701,488	1,015,181	160,580	17,485	1,894,734
(Increase) decrease in:					
Receivables	26,770	(686,731)	(736,881)	17,747	(1,379,095)
Prepays	26,651	-	-	-	26,651
Deferred outflows or resources - pension related	(512,060)	(84,472)	-	-	(596,532)
Increase (decrease) in:					
Accounts payable	173,687	1,443,698	93,415	41,971	1,752,771
Compensated absences	37,498	5,485	-	-	42,983
Net OPEB obligation	18,670	1,512	-	-	20,182
Net pension liability	1,025,446	169,162	-	-	1,194,608
Deferred inflows of resources - pension related	(170,356)	(28,103)	-	-	(198,459)
Unearned revenue	4,050	-	-	-	4,050
Net cash provided (used) by operating activities	<u>\$ 4,287,895</u>	<u>\$ 5,127,124</u>	<u>\$ 1,287,958</u>	<u>\$ 227,090</u>	<u>\$ 10,930,067</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Net Position - Fiduciary Funds  
June 30, 2016

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ -	\$ 76,334	\$ 1,102,802	\$ 1,179,136
Investments:				
Mutual funds:		-	-	-
Money market	11,434,490	-	-	11,434,490
Equity	17,707,675	-	-	17,707,675
Fixed income	9,449,776	-	-	9,449,776
Total investments	38,591,941	-	-	38,591,941
Accounts receivable	1,678	525	-	2,203
Due from other funds	-	-	23,101	23,101
Total assets	38,593,619	76,859	1,125,903	39,796,381
<b>Deferred outflows of resources</b>				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>38,593,619</u>	<u>\$ 76,859</u>	<u>\$ 1,125,903</u>	<u>\$ 39,796,381</u>
<b>Liabilities</b>				
Deposits held for others	-	-	783,179	783,179
Accounts payable	708,628	-	117,234	825,862
Due to other funds	-	-	225,490	225,490
Total liabilities	708,628	-	1,125,903	1,834,531
<b>Deferred inflows of resources</b>				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<b>Net Position</b>				
Net position held in trust for pension benefits and other purposes	37,884,991	76,859	-	37,961,850
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,593,619</u>	<u>\$ 76,859</u>	<u>\$ 1,125,903</u>	<u>\$ 39,796,381</u>

*The accompanying notes are an integral part of these statements*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Statement of Changes in Net Position - Fiduciary Funds  
For the Year Ended June 30, 2016

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	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 3,633,301	\$ -	\$ 3,633,301
Plan members	482	-	482
Other	-	8,378	8,378
Total contributions	<u>3,633,783</u>	<u>8,378</u>	<u>3,642,161</u>
Investment income (loss):			
Interest and dividends	664,937	116	665,053
Realized gains on sale of investments	4,254,702	-	4,254,702
Net change in fair value of investments	(4,504,583)	-	(4,504,583)
Total investment income	<u>415,056</u>	<u>116</u>	<u>415,172</u>
Less: investment expense	<u>125,596</u>	<u>-</u>	<u>125,596</u>
Net investment income (loss)	<u>289,460</u>	<u>116</u>	<u>289,576</u>
Total additions	<u>3,923,243</u>	<u>8,494</u>	<u>3,931,737</u>
<b>Deductions</b>			
Benefits	8,095,772	-	8,095,772
Administration	109,202	8,800	118,002
Total deductions	<u>8,204,974</u>	<u>8,800</u>	<u>8,213,774</u>
Change in net position	(4,281,731)	(306)	(4,282,037)
Net position - beginning	<u>42,166,722</u>	<u>77,165</u>	<u>42,243,887</u>
Net position - ending	<u>\$ 37,884,991</u>	<u>\$ 76,859</u>	<u>\$ 37,961,850</u>

*The accompanying notes are an integral part of these statements*

# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 1. Summary of significant accounting policies

#### A. Reporting entity

The City of Woonsocket was incorporated in 1888 under the provisions of Chapter 728 of the Public Laws of the State of Rhode Island. The City operates under a Home Rule Charter first adopted in 1952 and revised in 1960. The City operates under a Mayor - City Council form of government and provides a full range of services as authorized in its Charter, including, but not limited to, education services, police and fire protection, public works, parks, recreation, sanitation, health and certain social and general administration services. On May 29, 2012, the Rhode Island Director of Revenue established a Budget Commission under RIGL 45-9-6. The Budget Commission was put in place as a result of recurring, as well as projected future, deficits by the Woonsocket Education Department. The purpose of the Budget Commission was to initiate and assure the implementation of appropriate measures to secure the financial stability of the City, and it had the authority to review and approve all expenditures, regardless of the source of funding. On March 19, 2015, the Rhode Island Director of Revenue determined that the Budget Commission had met its goal of returning financial stability to the City, and it was disbanded. At that time, all control of the City was returned to its executive, legislative and administrative functions, in accordance with its Charter.

#### B. Basic Financial Statements - Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, education, parks, library, recreation, public works, and general administrative services are classified as governmental activities. The City's water and wastewater funds are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 1. Summary of significant accounting policies (continued)

#### B. Basic Financial Statements - Government-Wide Statements (continued)

The net costs (by function or business type-activity) are normally covered by general revenue (property, excise taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

GASB 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. It has negative effect on net position, similar to liabilities.

#### C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by general classification within the financial statements.

The City reports the following major governmental funds:

1. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The *City Capital Projects Fund* accounts for capital project activity related to the acquisition and/or construction of major capital facilities of the City.
3. The *City Capital Fund* accounts for operating surplus funding set aside for City capital projects as per a resolution enacted by the City of Woonsocket Budget Commission.
4. The *WED Capital Fund* accounts for operating surplus funding set aside for Education Department capital projects as per a resolution enacted by the City of Woonsocket Budget Commission.
5. The *WED Unrestricted Fund* is the Education Department's primary operating fund. It accounts for all financial resources of the Woonsocket Education Department, except those required to be accounted for separately in another fund.

The City reports the following major proprietary funds:

6. The *Water Fund* accounts for the City's water use operations.
7. The *Regional Wastewater Fund* accounts for the operations of the City's regional wastewater treatment plant including billings to the member Cities and Towns.
8. The *User Charge Fund* accounts for the billings and collections pertaining to the regional wastewater treatment plan for Woonsocket residents

# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 1. Summary of significant accounting policies (continued)

#### C. Basic Financial Statements - Fund Financial Statements (continued)

Additionally, the City reports the following fund types:

- a. The *Pension Trust Fund* accounts for the activity of the City's defined benefit pension plan, which accumulates resources for pension benefit payments to qualified employees.
- b. The *Private-Purpose Trust Fund* is used to account for assets held by the City in a trustee capacity for the benefit of various City facilities. There is no requirement that any portion of these resources be preserved as capital.
- c. The *Agency Funds* account for monies held by the City as custodian for student groups and City employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's sewer and water operations and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Pensions.* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the City's Police and Fire Employee pension plan, Rhode Island Municipal Employees' Retirement System (MERS) and the Employees' Retirement System of Rhode Island (ERSRI) have been determined on the same basis as they are reported by the City's Police and Fire Employee pension plan, MERS and ERSRI. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.



# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 1. Summary of significant accounting policies (continued)

#### D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### 1. *Accrual*

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB statements and interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989 except those that conflict with a GASB pronouncements.

##### 2. *Modified Accrual*

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

#### E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity

##### a. Cash and Cash Equivalents

The City's cash and cash equivalents consists of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

The City's deposits are subject to certain State and municipal restrictions. Under Rhode Island general laws, depository institutions must insure deposits of the City or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. State Statutes and the City Charter authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

##### b. Investments

*Investments* - The City's investments are reported at fair value (generally based on quoted market prices). The City's investment guidelines are defined by City ordinance and a written investment policy that is approved by the City Council. The City has adopted a formal investment policy for its pension fund which identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters. Authorized investments include obligations of the United States of America and its agencies, corporate debt obligations, asset-backed securities, money market instruments or funds, common stocks, convertible preferred stocks or bonds, repurchase agreements, commercial paper, foreign currency, commingled investment funds, guaranteed investment contracts, certain nonnegotiable certificates of deposit, and collateralized mortgage obligations.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**b. Investments (continued)**

Investment income is recorded in the fund in which it was earned.

Investments for the City are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**c. Receivables and payables**

**a. Interfunds**

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

**b. Property taxes and other receivables**

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectible amounts. Allowance percentages range from 13% to 65% of outstanding receivable balances at June 30, 2016 and are calculated based upon prior collections.

The City's property tax is levied each July 1 on the assessed value listed as of the prior December 31 for all real property and personal property located in the City. Taxes are due in equal quarterly installments on July 15, October 15, January 15 and April 15 following the levy date. A full revaluation of all real property is required to be completed every nine years. The next full revaluation will be conducted in 2018 for the 2019 tax year. Every three years a statistical revaluation is conducted. The last statistical revaluation was performed as of December 31, 2015 for the 2016 tax year.

Taxes due and unpaid after the respective due dates are subject to interest charged at 12% per annum. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date.

It is the policy of the City to record deferred inflows of resources in the fund financial statements for property taxes receivable at June 30 that have not been collected prior to September 1. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reflected as deferred inflows of resources in both the fund financial statements and government-wide financial statements.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**d. Restricted assets**

The restricted assets for the City's enterprise funds are restricted and to be used for debt service and capital projects.

**e. Capital assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-65
Land Improvements	10-65
Building Improvements	15-30
Machinery & Equipment	6-30
Infrastructure	65

**f. Compensated absences**

Employees of the City and the Education Department earn vacation and sick leave, which can accumulate, based on the provisions of negotiated contracts or other personnel policies. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the leave is determined based on historical and current usage. The current and noncurrent portion is recorded in the government-wide financial statements. The entire amount is reported as noncurrent in the proprietary fund financial statements.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**g. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**h. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred charge on refunding and deferred outflows related to pensions in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The deferred outflows applicable to pensions related to contributions made by the City after the measurement date, the net difference between projected and actual earnings on plan investments and changes in actuarial assumptions. The deferred outflows related to contributions will be recognized in the following year while the deferred outflows related to projected and actual earnings will be amortized over the average remaining service life of all plan members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports advance collections and deferred inflows of resources related to pensions in this category. The deferred inflows of resources related to pensions is the net difference between projected and actual earnings on pension plan investments and changes in actuarial assumptions. These deferred inflows will be amortized over the average remaining services life of all plan members.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**h. Deferred outflows/inflows of resources (continued)**

For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), grants, charges for services and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**i. Restricted assets**

Certain proceeds of the Water Fund and Regional Wastewater Fund revenue bonds are classified as restricted assets on the statement of net position because they are maintained in separate escrow accounts managed by trustees in accordance with the bond covenants. These include debt service reserves and capitalized interest.

The Water Fund and Regional Wastewater Fund have additional cash and investments on the statement of net position classified as restricted since, by order of the Rhode Island Public Utilities Commission, it may only be used for debt service, capital, electricity, certain specified retiree/new hire benefits, or chemical expenditures.

**j. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures and/or expense are recorded in order to reserve portions of applicable appropriations, is employed in the governmental and business-type funds.

**k. Fund Balances/Net Position**

*Government-Wide Statements*

Net Position is displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**k. Fund Balances/Net Position (continued)**

*Fund Statements*

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for restricted purpose. In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable fund balance* - amounts that are not in spendable form (such as inventory or prepaid items) or are required to be maintained intact (such as the corpus of an endowment fund).

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. For the City, this formal action takes the form of ordinance which are passed by the City Council and approved by the Mayor.

*Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

The City, under Article 9 of the City Charter, has adopted, starting in fiscal 2017, a fund balance policy for the General Fund requiring an appropriation of 1% of the prior year budgeted general revenues into a fiscal stability reserve account until a balance equal to 8% of the current years estimated general revenues within the General Fund budget is achieved.

**l. Net position flow assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**m. Fund balance flow assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**n. Long-Term Liabilities**

For long-term liabilities, only that portion, which is matured, is reported as a fund liability of a governmental fund. All long-term liabilities are reported in government-wide financial statement of net position.

**o. Deferred Inflows of Resources (formerly known as 'deferred revenue')**

In the governmental fund financial statement, deferred inflows of resources represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

In the General fund, deferred inflows of resources relate to revenue that is measurable, but not available.

In the Special Revenue funds, deferred inflows of resources represent amounts received in advance of expenditures incurred for certain grants or loans and accounts receivable that are measureable, but not available.

In the government-wide financial statements revenue is recorded when earned. Therefore, for these statements deferred inflows of resources represents only unearned revenues.

**p. Claims and Judgments**

The City is self-insured with respect to risks including workers' compensation with a \$500,000 cap per incident. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**q. Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenues based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred inflows of resources by the recipient.

For those voluntary non-exchange transactions arising from future subsidized principal payments, the City recognizes a receivable and revenue when all applicable eligibility requirements, including time requirements, are met, dependent on the applicable basis of accounting.

**r. Expenditures/Expenses**

Expenditures/expenses are recognized when the related fund liability is incurred. Indirect expenses such as retirement, pension and health insurance are allocated based on direct charges and the remainder is allocated based on a percentage of payroll costs by function.

**s. Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

**t. Pensions**

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

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



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**1. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, deferred outflows/inflows of resources and net position or equity (continued)**

**u. Use of estimates**

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**v. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation

**F. Implementation of New Accounting Principles**

For the year ending June 30, 2016, the City implemented the following pronouncements issued by the GASB:

- a. GASB Statement No. 72, *Fair Value Measurement and Application*
- b. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- c. GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement Nos. 76 and 79 had no material reporting impact for the City.

**2. Stewardship, compliance and accountability**

**A. Budgets and budgetary accounting**

The City establishes budgets for its General Fund and the following Special Revenue Funds: WED Unrestricted Fund in accordance with provisions of its Charter and the Rhode Island General Statutes.

The City follows these procedures in establishing the budgetary data reported in the financial statements:

- i. The Mayor shall file with the City Clerk at least fifty (50) days prior to the beginning of each fiscal year, a proposed operating budget, capital budget, and message containing an explanation of proposed financial policies and the important features of the budget plan. At that same time, the Mayor shall also file proposed appropriation ordinances providing for the support of the City for the ensuing fiscal year.
- ii. The City Clerk shall present the budgets and budget message to the City Council at its next regular or special meeting after the filing by the Mayor.
- iii. The Council shall hold a public hearing on the budgets no later than June 1 of each year, at which interested persons shall have an opportunity to be heard; legal notice shall be published at least ten (10) days in advance thereof.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**2. Stewardship, compliance and accountability (continued)**

**A. Budgets and budgetary accounting (continued)**

- iv. The Council may insert new items or may increase or decrease the items of the budgets as presented by the Mayor, but if it shall increase the total proposed expenditures, it also shall provide for increasing the total anticipated revenues at least to equal the total proposed expenditures.
- v. Upon final passage of the appropriation ordinances, such changes as have been made in the ordinances as originally proposed shall be made in the budget document. A copy of the budget and appropriation ordinances shall be placed on file as a public record in the office of the City Clerk.

The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level for the General Fund and the fund level for the WED Unrestricted Fund. The Finance Director may transfer amounts between line items within a department or agency in an amount not exceeding a total of five thousand dollars (\$5,000) within a fiscal year.

**B. Basis of budgeting**

The City uses a basis of budgeting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued. Accordingly, encumbrances outstanding at year end are reported in the General Fund statement of revenues, expenditures and changes in fund balance budget and actual as encumbrances.

Encumbrances outstanding at year end are reported as assigned fund balance in the governmental funds' balance sheet in accordance with GAAP, since they do not constitute expenditures or liabilities. In addition, the liquidation of the prior year's encumbrances are reported as expenditures in the current year in the statement of revenues, expenditures and changes in fund balances - governmental funds as required by GAAP.

**C. Deficit fund balance**

The following funds had a deficit fund balance at June 30, 2016:

Special Revenue Funds:

Cass Park Improvements Fund	\$ 29,571
2013 JAG Grant Fund	<u>628</u>
Total Special Revenue Funds	<u>\$ 30,199</u>

School Restricted Funds:

Homeless Children & Youth Fund	\$ 802
General Assembly Grant #4 Fund	3,021
RISCA#2 Fund	588
Career & Technical Center Repairs Fund	1,896
Whole Kids Foundation Fund	574
AFJROTC Fund	639
Wireless Classroom Initiative Fund	<u>381,291</u>
Total School Restricted Funds	<u>\$ 388,811</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**2. Stewardship, compliance and accountability (continued)**

**C. Deficit fund balance (continued)**

The majority of the fund deficit of the school restricted funds pertains to the Wireless Classroom Initiative Fund. The deficit was incurred during fiscal year 2015 and is expected to be funded by unearned intergovernmental receivables once they are earned and collected. The Rhode Island Department of Education is currently in the approval process for remaining project milestones.

**D. Excess of expenditures over appropriations**

As discussed in Note 2.A., the legal level of control at which expenditures may not legally exceed appropriations is at the department level. Expenditures exceeded appropriations in the following General Fund departments:

<u>Department:</u>	<u>Deficit Amount:</u>
City Council	\$ 37,026
City Clerk	3,901
Probate Court	1,385
Police Division	190,008
Fire Division	64,230
Emergency Management Division	18,819
Office of the Director of Public Works	32,280
Parks and Recreation Division	-
Budget Commission	19,926
Insurance (Miscellaneous)	7,069
Claims and Judgments (Miscellaneous)	503,076
	<u>\$ 999,698</u>

**3. Cash and investments**

Cash and cash equivalents as of June 30, 2016 are classified in the accompanying financial statements as follow:

Cash and cash equivalents - Governmental Activities	\$ 21,327,001
Cash and cash equivalents - Business-Type Activities	28,188,446
Cash and cash equivalents - Agency funds	<u>1,179,136</u>
Total cash and cash equivalents	<u>\$ 50,694,583</u>

Deposits are in various financial institutions and are carried at cost. The carrying value is separately displayed on the Statement of Net Position as “Cash and cash equivalents.”

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

Rhode Island Public Law requires that 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either segregated assets, in the qualified depository institution’s trust department or in the trust department of another qualified depository institution, or in the custodial accounts at a Federal reserve bank or Federal home loan bank. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of maturities. At June 30, 2016, the City’s deposits are not exposed to custodial credit risk since most of the deposits are held by financial institutions that meet federally required capital standards and most deposits have maturities less than sixty (60) days.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**3. Cash and investments (continued)**

At year end, the City's carrying value of deposits was \$50,694,583 and the bank balance was \$44,030,958. Of the bank balance, \$2,519,805 was covered by the Federal Deposit Insurance Corporation (FDIC).

Financial instruments that potentially subject the City to significant concentrations of credit risk consist primarily of cash. From time to time, the City's cash account balances exceed the FDIC limit. The City reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2016:

- U.S. Treasury securities of \$4,133,737 are valued using quoted market prices (Level 1 inputs)

The City Police and Fire Pension Plan ("the Plan") hold significant amount of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Plan's activities, the Plan shows greater disaggregation in their disclosures. The Plan chooses to display a tabular format for disclosing the levels within the fair value hierarchy.

The Plan categorizes their fair market value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Ticker:	June 30, 2016:	Fair Value Measurements Using:				Average Effective Maturity	Average Credit Quality Rating
		Quoted Prices in Active Markets for Identical Assets (Level 1)*	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
<b>Investments by Fair Value Level:</b>							
Equity Mutual Funds							
Domestic Equity Mutual Funds							
Blackrock GLB Allocation I	MRLOX	\$ 1,630,729	\$ 1,630,729	\$ -	\$ -	N/A	N/A
PIMCO All Asset Instl Fund #34	PAAIX	1,856,686	1,856,686	-	-	N/A	N/A
Westwood Income Opportunity - iShares	WWIAX	1,656,794	1,656,794	-	-	N/A	N/A
International Equity Mutual Funds							
Vanguard FTSE All-Wld Ex-US IDX Adm	VEU	1,972,297	1,972,297	-	-	N/A	N/A
Closed and Equity Mutual Funds							
iShares Intermediate Credit Bond ETF	CIU	2,063,205	2,063,205	-	-	4.7 years	A
Schwab US Broad Market ETF	SCHB	8,527,964	8,527,964	-	-	N/A	N/A
Fixed Income Mutual Funds							
Closed -End Fixed Income							
Vanguard Total Bond Market ETF	BND	9,449,777	9,449,777	-	-	8.0 years	AA
Total investments by fair value level		<u>\$ 27,157,452</u>	<u>\$ 27,157,452</u>	<u>\$ -</u>	<u>\$ -</u>		
<b>Total investments measured at fair value</b>		<u>\$ 27,157,452</u>	<u>\$ 27,157,452</u>	<u>\$ -</u>	<u>\$ -</u>		
<b>Other investments held:</b>							
Money Market Funds:							
Taxable Money Market Funds							
Dreyfus Prime Money Market Class B #463	CZAXX	11,434,490				38 days	NR
<b>Total other investments held:</b>		<u>11,434,490</u>					
<b>Total investments held by the City Sponsored Police and Fire Pension Fund:</b>		<u>\$ 38,591,942</u>					

\*Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

*Interest rate risk* - 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.

*Credit risk* - This is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. The City has a formal investment policy that limits its investment choices due to credit risk.

*Custodial credit risk* - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a formal policy with respect to custodial credit risk.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The previously listed Plan investments are held by the counterparty's trust department or agent and are not in the City's name and, therefore, are subject to custodial credit risk.

**4. Receivables**

Receivable balances have been disaggregated by type and presented separately in the financial statements. Receivables for the City's financial statements, including the applicable allowances for uncollectible accounts, are presented below.

Governmental Activities:

	Governmental Activities	General Fund	School Unrestricted Fund	WED Restricted Funds	Non-Major Governmental Funds	Total
Property taxes	\$ 8,535,431	\$ 12,333,292	\$ -	\$ -	\$ -	\$ 20,868,723
Loans	-	-	-	-	4,091,658	4,091,658
Accounts	-	2,525,075	74,277	-	1,774,665	4,374,017
Intergovernmental	-	751,274	36,518	3,209,330	213,326	4,210,448
Gross receivables	8,535,431	15,609,641	110,795	3,209,330	6,079,649	33,544,846
Less allowance for uncollectables	(5,548,030)	(8,193,495)	-	-	(797,684)	(14,539,209)
Net receivables	<u>\$ 2,987,401</u>	<u>\$ 7,416,146</u>	<u>\$ 110,795</u>	<u>\$ 3,209,330</u>	<u>\$ 5,281,965</u>	<u>\$ 19,005,637</u>

Business-Type Activities

	Water Fund	Regional Wastewater Fund	User Charge Fund	Non-Major School Proprietary Fund	Total
Accounts	\$ 2,820,536	\$ 1,167,200	\$ 4,713,697	\$ -	\$ 8,701,433
Intergovernmental	-	-	-	176,156	176,156
Gross receivables	2,820,536	1,167,200	4,713,697	176,156	8,877,589
Less: allowance for uncollectables	(700,000)	(119,182)	(534,650)	-	(1,353,832)
Net receivable	<u>\$ 2,120,536</u>	<u>\$ 1,048,018</u>	<u>\$ 4,179,047</u>	<u>\$ 176,156</u>	<u>\$ 7,523,757</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**5. Capital assets and Depreciation**

Capital asset activity for *governmental activities* for the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 5,862,586	\$ -	\$ -	\$ 5,862,586
Construction in progress	1,257,196	110,286	(744,087)	623,395
Total capital assets not being depreciated	<u>7,119,782</u>	<u>110,286</u>	<u>(744,087)</u>	<u>6,485,981</u>
Other capital assets:				
Buildings and improvements	214,605,067	1,012,114	-	215,617,181
Machinery, equipment and furniture	9,986,859	745,740	-	10,732,599
Motor vehicles	9,725,865	559,912	-	10,285,777
Infrastructure	64,135,980	1,117,760	-	65,253,740
Total other capital assets at historical cost	<u>298,453,771</u>	<u>3,435,526</u>	<u>-</u>	<u>301,889,297</u>
Total Assets	<u>305,573,553</u>	<u>3,545,812</u>	<u>(744,087)</u>	<u>308,375,278</u>
Less accumulated depreciation for:				
Buildings and improvements	80,227,027	3,169,642	-	83,396,669
Machinery, equipment and furniture	9,260,396	261,505	-	9,521,901
Motor vehicles	8,601,937	380,320	-	8,982,257
Infrastructure	36,457,511	1,198,262	-	37,655,773
Total accumulated depreciation	<u>134,546,871</u>	<u>5,009,729</u>	<u>-</u>	<u>139,556,600</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 171,026,682</u>	<u>\$ (1,463,917)</u>	<u>\$ (744,087)</u>	<u>\$ 168,818,678</u>

Depreciation and amortization expense for governmental activity fixed assets were charged to the following functions:

Governmental activities:	
Legislative	\$ 110,296
Planning	-
Public safety	605,004
Public works	1,355,265
Human resources	-
Parks & Recreation	-
Education	2,939,164
Total governmental activities depreciation expense	<u>\$ 5,009,729</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**5. Capital assets and Depreciation (continued)**

Capital asset activity for *business-type* activities are as follows:

<b><u>WATER ENTERPRISE FUND</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Land and improvements	\$ 390,000	\$ 64,566	\$ -	\$ 454,566
Construction in progress	2,527,664	1,308,817	(28,702)	3,807,779
Total capital assets - not being depreciated:	<u>2,917,664</u>	<u>1,373,383</u>	<u>(28,702)</u>	<u>4,262,345</u>
Capital assets - being depreciated:				
Machinery, equipment and furniture	5,945,182	72,066	-	6,017,248
Motor vehicles	571,665	105,557	-	677,222
Infrastructure	38,536,282	536,216	-	39,072,498
Total capital assets - being depreciated:	<u>45,053,129</u>	<u>713,839</u>	<u>-</u>	<u>45,766,968</u>
Total capital assets	<u>47,970,793</u>	<u>2,087,222</u>	<u>(28,702)</u>	<u>50,029,313</u>
Less accumulated depreciation for:				
Machinery, equipment and furniture	5,741,189	58,999	-	5,800,188
Motor vehicles	571,665	9,893	-	581,558
Infrastructure	15,196,964	632,596	-	15,829,560
Total accumulated depreciation	<u>21,509,818</u>	<u>701,488</u>	<u>-</u>	<u>22,211,306</u>
<b>Business-type activities</b>				
<b>(water enterprise) capital assets, net</b>	<u>\$ 26,460,975</u>	<u>\$ 1,385,734</u>	<u>\$ (28,702)</u>	<u>\$ 27,818,007</u>

Total depreciation expense for the Water Enterprise Fund is \$701,488.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**5. Capital assets and Depreciation (continued)**

<b><u>WASTEWATER ENTERPRISE FUND</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Land and improvements	\$ 570,321	\$ -	\$ -	\$ 570,321
Construction in progress	24,023,020	13,138,407	(37,161,427)	-
Total capital assets - not being depreciated:	<u>24,593,341</u>	<u>13,138,407</u>	<u>(37,161,427)</u>	<u>570,321</u>
Capital assets - being depreciated:				
Buildings and improvements	54,722,845	37,161,427	-	91,884,272
Machinery, equipment and furniture	-	-	-	-
Motor vehicles	36,504	-	-	36,504
Infrastructure	-	-	-	-
Total capital assets - being depreciated:	<u>54,759,349</u>	<u>37,161,427</u>	<u>-</u>	<u>91,920,776</u>
Total capital assets	<u>79,352,690</u>	<u>50,299,834</u>	<u>(37,161,427)</u>	<u>92,491,097</u>
Less accumulated depreciation for:				
Buildings and improvements	32,924,451	1,011,740	-	33,936,191
Machinery, equipment and furniture	-	-	-	-
Motor vehicles	33,063	3,441	-	36,504
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>32,957,514</u>	<u>1,015,181</u>	<u>-</u>	<u>33,972,695</u>
<b>Business-type activities (wastewater enterprise) capital assets, net</b>	<u>\$ 46,395,176</u>	<u>\$ 49,284,653</u>	<u>\$ (37,161,427)</u>	<u>\$ 58,518,402</u>

Total depreciation expense for the Wastewater Enterprise Fund is \$1,015,181.



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**5. Capital assets and Depreciation (continued)**

<b><u>USER CHARGES ENTERPRISE FUND</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Construction in progress	\$ 261,248	\$ -	\$ -	\$ 261,248
Total capital assets - not being depreciated:	<u>261,248</u>	<u>-</u>	<u>-</u>	<u>261,248</u>
Capital assets - being depreciated:				
Machinery, equipment and furniture	2,163,104	-	-	2,163,104
Infrastructure	-	368,038	-	368,038
Total capital assets - being depreciated:	<u>2,163,104</u>	<u>368,038</u>	<u>-</u>	<u>2,531,142</u>
Total capital assets	<u>2,424,352</u>	<u>368,038</u>	<u>-</u>	<u>2,792,390</u>
Less accumulated depreciation for:				
Machinery, equipment and furniture	625,965	142,178	-	768,143
Infrastructure	-	18,402	-	18,402
Total accumulated depreciation	<u>625,965</u>	<u>160,580</u>	<u>-</u>	<u>786,545</u>
<b>Business-type activities (user charges enterprise) capital assets, net</b>	<u>\$ 1,798,387</u>	<u>\$ 207,458</u>	<u>\$ -</u>	<u>\$ 2,005,845</u>

Total depreciation expense for the User Charge Enterprise Fund is \$160,580.

<b><u>SCHOOL PROPRIETARY ENTERPRISE FUN</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Business-type activities:</b>				
Capital assets - being depreciated:				
Machinery, equipment and furniture	\$ 340,420	\$ -	\$ -	\$ 340,420
Motor vehicles	132,243	-	-	132,243
Total capital assets - being depreciated:	<u>472,663</u>	<u>-</u>	<u>-</u>	<u>472,663</u>
Total capital assets	<u>472,663</u>	<u>-</u>	<u>-</u>	<u>472,663</u>
Less accumulated depreciation for:				
Machinery, equipment and furniture	319,182	10,873	-	330,055
Motor vehicles	125,632	6,612	-	132,244
Total accumulated depreciation	<u>444,814</u>	<u>17,485</u>	<u>-</u>	<u>462,299</u>
<b>Business-type activities (school proprietary enterprise) capital assets, net</b>	<u>\$ 27,849</u>	<u>\$ (17,485)</u>	<u>\$ -</u>	<u>\$ 10,364</u>

Total depreciation expense for the WED Proprietary Enterprise Fund (non-major) is \$17,845.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**6. Interfund activity**

**A. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<b><u>Major Funds:</u></b>			
General Fund:			
2013 JAG Grant	N/A	\$ 5,991	\$ -
Water Fund	N/A	780,626	85,725
Cass Park Improvements	N/A	32,446	-
Planning Board	N/A	200	-
Homeland Security Fire	N/A	50,186	-
Capital Fund	N/A	251	40,000
Wasilewski-Bebe COLA	N/A	9,527	-
Municipal Court	N/A	128,714	-
Deduction Fund	N/A	205,909	-
Senior Center	N/A	-	30,000
Capital Projects	N/A	307,272	70,118
Recycling Coordinator	N/A	-	15,611
2014 JAG Grant	N/A	-	1,020
Regional Wastewater Fund	N/A	920,051	399,812
User Charge Fund	N/A	23,018	75,994
Total General Fund		<u>2,464,191</u>	<u>718,280</u>
City Capital Projects Fund:			
Brownsfield Assessment Fund	N/A	200,000	-
Water Fund	N/A	-	641,492
Regional Wastewater Fund	N/A	-	41,948
General Fund	N/A	70,118	307,272
Total City Capital Projects Fund		<u>270,118</u>	<u>990,712</u>
City Capital Fund			
General Fund	N/A	<u>40,000</u>	<u>251</u>
WED Capital Fund:			
School Unrestricted Fund	N/A	<u>989,528</u>	<u>-</u>
School Unrestricted Fund:			
WED Capital Fund	N/A	-	989,528
Woonsocket School Restricted Fund	N/A	2,459,426	1,819,126
School Proprietary Fund	N/A	-	323,251
WED Agency Funds	N/A	10,053	23,102
Total School Unrestricted Fund		<u>\$ 2,469,479</u>	<u>\$ 3,155,007</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**6. Interfund activity (continued)**

**A. Interfund payables and receivables (continued)**

	Corresponding Fund	Due From	Due To
		_____	_____
Woonsocket Schools Restricted Fund:			
School Unrestricted Fund	N/A	\$ 1,819,126	\$ 2,459,426
Water Fund:			
User Charge	N/A	147,040	54,949
Capital Project Fund	N/A	641,492	-
Regional Wastewater Fund	N/A	7,225	210,772
General Fund	N/A	85,569	780,471
Total Water Fund		_____	_____
		881,326	1,046,192
Regional Wastewater Fund:			
Capital Projects	N/A	41,948	-
General Fund	N/A	399,641	920,051
Water Fund	N/A	210,772	7,225
User Charge	N/A	4,981,204	207,000
Total Regional Wastewater Fund		_____	_____
		5,633,565	1,134,276
User Charge Fund:			
General Fund	N/A	76,169	23,019
Water Fund	N/A	54,949	147,040
Regional Wastewater Fund	N/A	206,713	4,980,917
Total User Charge Fund		_____	_____
		337,831	5,150,976
 <b><u>Nonmajor Funds:</u></b>			
Nonmajor Governmental Funds:			
	Cass Park		
WWII Park Grant	Improvements	-	9,650
Cass Park Improvements	WWII Park Grant	9,650	-
Cass Park Improvements	General Fund	-	32,446
2014 JAG Grant	General Fund	1,020	5,991
Planning Board	General Fund	-	200
Homeland Security Fire	General Fund	-	50,186
Municipal Court	General Fund	-	128,714
Senior Center	General Fund	30,000	-
Recycling Coordinator	General Fund	15,611	-
Brownsfield Assessment	Captial Projects	-	200,000
Total Nonmajor Governmental Funds		_____	_____
		56,281	427,187
Nonmajor Proprietary Fund:			
School Proprietary Fund	School Unrestricted	323,251	-
Fiduciary Funds:			
Wasilewski-Bebe COLA	General Fund	-	9,527
Deduction Fund	General Fund	-	205,910
WED Agency Funds	School Unrestricted	23,101	10,053
Total Fiduciary Funds:		_____	_____
		23,101	225,490
Grand Total		_____	_____
		\$ 15,307,797	\$ 15,307,797

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**6. Interfund activity (continued)**

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

**B. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<b><u>Major Governmental Funds</u></b>			
General Fund:			
School Unrestricted Fund	N/A	\$ -	\$ 16,166,331
EMS Public Fund	N/A	1,493,609	-
Blighted Buildings Fund	N/A	-	975,000
City Capital Fund	N/A	-	290,000
Total General Fund		<u>1,493,609</u>	<u>17,431,331</u>
School Unrestricted Fund:			
General Fund	N/A	16,166,331	-
WED Restricted Funds	N/A	697,917	14,891
WED Capital Fund	N/A	-	575,000
Total School Unrestricted Fund		<u>16,864,248</u>	<u>589,891</u>
City Capital Fund:			
General Fund	N/A	290,000	-
WED Capital Fund			
School Unrestricted Fund	N/A	575,000	385,472
<b><u>Nonmajor Governmental Funds:</u></b>			
Woonsocket Schools Restricted Funds:			
School Unrestricted Fund	N/A	246,698	544,252
Special Revenue Funds:			
Buisness Loan Fund	CDBG	158,191	-
Blighted Building Fund	General Fund	975,000	
CDBG	Business Loan	-	158,191
EMS Public Fund	General Fund	-	1,493,609
Total Special Revenue Funds		<u>1,133,191</u>	<u>1,651,800</u>
Grand Total		<u>\$ 20,602,746</u>	<u>\$ 20,602,746</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**7. Long-term obligations**

**A. Summary of changes**

The following is a summary of changes in governmental activity long term obligations during the year:

**Governmental Activities:**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance 7/1/2015	Additions	Deductions			Balance 6/30/2016	Current Portion
							Principal Payments	Refundings	Other		
<u>General purpose bonds and notes:</u>											
Highway & roads	\$ 12,000,000	6/30/1999	6/30/2020	5.42	\$ 4,200,000	\$ -	\$ (760,000)	(3,440,000)	\$ -	\$ -	\$ -
Library & school	17,940,000	10/1/2000	10/1/2020	4.0 - 6.0	1,275,000	-	(185,000)	(1,090,000)	-	-	-
Davison Ave landfill	5,000,000	5/26/2005	3/1/2035	5.0 - 6.0	4,110,000	-	(135,000)	(1,470,000)	-	2,505,000	140,000
Pension obligation	90,000,000	1/15/2003	6/30/2033	6.07 - 6.42	77,110,000	-	(2,405,000)	-	-	74,705,000	2,560,000
Promac settlement	2,450,000	3/6/2009	6/30/2019	4.25	942,308	-	(251,282)	-	-	691,026	251,282
Middle school	74,000,000	1/12/2009	6/30/2034	2.0 - 6.0	65,900,000	-	(2,205,000)	-	-	63,695,000	2,260,000
HUD loan school	2,050,000	7/21/2010	8/21/2019	1.9	1,050,000	-	(250,000)	-	-	800,000	250,000
Deficit bonds	11,500,000	3/10/2011	6/15/2016	7.13	2,675,000	-	(2,675,000)	-	-	-	-
Refunding bonds	6,540,000	3/11/2015	11/15/2020	1.83	6,540,000	-	(1,050,000)	-	-	5,490,000	1,065,000
GO refunding bonds	6,130,000	2/22/2016	8/1/2024	2.25	-	6,130,000	(140,000)	-	-	5,990,000	1,015,000
Total bonds and notes:					163,802,308	6,130,000	(10,056,282)	(6,000,000)	-	153,876,026	7,541,282
Premium					1,361,263		(68,063)			1,293,200	-
Total bonds, notes and related liabilities					165,163,571	6,130,000	(10,124,345)	(6,000,000)	-	155,169,226	7,541,282
<u>Lease purchase obligations:</u>											
Fire apparatus	263,981	2/15/2012	2/15/2017	4.09	89,597		(43,901)			45,696	45,696
Total lease purchase obligations:					89,597	-	(43,901)	-	-	45,696	45,696
Compensated absences - City					6,400,811	1,120,740				7,521,551	1,556,838
Compensated absences - School					1,784,032	255,914				2,039,946	355,494
Claims and judgments					-	-	-	-		-	-
Landfill - post-closure obligation					542,000	4,900				546,900	15,000
Net OPEB obligation - City					52,413,397	6,979,897			(3,413,335)	55,979,959	-
Net OPEB obligation - School					12,038,567	1,763,327			(1,008,624)	12,793,270	-
Net pension liability (NPL)					126,087,184	43,456,377			(12,282,944)	157,260,617	-
<b>TOTAL LONG-TERM OBLIGATIONS*:</b>					<b>\$ 364,519,159</b>	<b>\$ 59,711,155</b>	<b>\$ (10,168,246)</b>	<b>\$ (6,000,000)</b>	<b>\$ (16,704,903)</b>	<b>\$ 391,357,165</b>	<b>\$ 9,514,310</b>

\* - long-term obligations are generally liquidated by the General Fund.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**7. Long-term obligations (continued)**

**A. Summary of changes (continued)**

The following is a summary of changes in business-type activity long term obligations during the year, which are funded by enterprise fund operations:

**Business-Type Activities**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance 7/1/2015	Additions	Deductions			Balance 6/30/2016	Current Portion
							Principal Payments	Refundings	Other		
<u>Water Enterprise Fund:</u>											
RI Clean Water Bonds	\$10,165,000	5/13/2003	9/1/2024	3.49	\$ 5,955,000	\$ -	\$ (500,000)	-		\$ 5,455,000	\$ 520,000
RI Clean Water Bonds	4,000,000	3/23/2005	9/1/2025	2.70	2,505,000	-	(191,000)	-		2,314,000	197,000
RI Clean Water Bonds	4,400,000	6/6/2013	9/1/2033	2.10	4,219,000	-	(182,000)	-		4,037,000	184,000
Total water enterprise bonds and notes:					12,679,000	-	(873,000)	-	-	11,806,000	901,000
Compensated absences - Water					316,758	37,498				354,256	-
Net OPEB obligation - Water					1,460,571	251,393			(232,723)	1,479,241	-
Net pension liability (NPL)					197,695	1,246,812			(221,366)	1,223,141	-
<b>TOTAL WATER ENTERPRISE LONG-TERM OBLIGATIONS:</b>					<b>\$ 14,654,024</b>	<b>\$ 1,535,703</b>	<b>\$ (873,000)</b>	<b>\$ -</b>	<b>\$ (454,089)</b>	<b>\$ 14,862,638</b>	<b>\$ 901,000</b>
<u>Regional Wastewater Enterprise Fund:</u>											
RI Clean Water Bonds	\$10,000,000	6/6/2013	9/1/2034	2.12	\$ 9,998,000	\$ -	\$ (406,000)	-		\$ 9,592,000	\$ 410,000
RI Clean Water Bonds	20,000,000	3/6/2014	9/1/2034	2.12	19,999,000	-	(804,000)	-		19,195,000	811,000
RI Clean Water Bonds - 2015A	14,000,000	7/30/2015	9/1/2034	1.03 - 4.34	-	14,000,000	(1,000)	-		13,999,000	1,000
Total regional wastewater enterprise bonds and notes:					29,997,000	14,000,000	(1,211,000)	-	-	42,786,000	1,222,000
Lease purchase obligations:											
Wastewater lease	21,151,452	7/29/2003	7/29/2019	4.90	7,680,268	-	(1,565,151)	-		6,115,117	1,642,782
Compensated absences - Wastewater					22,359	5,485				27,844	-
Net pension liability (NPL)					33,403	205,680			(36,518)	202,565	
<b>TOTAL REGIONAL WASTEWATER ENTERPRISE LONG-TERM OBLIGATIONS:</b>					<b>\$ 37,733,030</b>	<b>\$ 14,211,165</b>	<b>\$ (2,776,151)</b>	<b>\$ -</b>	<b>\$ (36,518)</b>	<b>\$ 49,131,526</b>	<b>\$ 2,864,782</b>
<u>User Charges Enterprise Fund:</u>											
RI Clean Water Bonds	1,100,000	12/12/2007	9/1/2027	1.54	715,000	-	(55,000)	-		660,000	55,000
<b>TOTAL USER CHARGES ENTERPRISE LONG-TERM OBLIGATIONS:</b>					<b>\$ 715,000</b>	<b>\$ -</b>	<b>\$ (55,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 660,000</b>	<b>\$ 55,000</b>
<b>TOTAL ENTERPRISE FUNDS - LONG-TERM OBLIGATIONS:</b>					<b>\$ 53,102,054</b>	<b>\$ 15,746,868</b>	<b>\$ (3,704,151)</b>	<b>\$ -</b>	<b>\$ (490,607)</b>	<b>\$ 64,654,164</b>	<b>\$ 3,820,782</b>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**7. Long-term obligations (continued)**

**A. Summary of changes (continued)**

The City's future debt service requirements for bonds and note maturities for Governmental Activities and Business-Type Activities are as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest & Fees	Total Debt Service	Principal	Interest & Fees	Total Debt Service
2017	\$ 7,401,282	\$ 6,008,075	\$ 13,409,357	\$ 2,178,000	\$ 1,593,494	\$ 3,771,494
2018	7,896,282	8,011,617	15,907,899	2,852,000	1,488,053	4,340,053
2019	8,133,462	7,687,231	15,820,693	2,905,000	1,433,518	4,338,518
2020	8,175,000	7,328,754	15,503,754	2,970,000	1,371,072	4,341,072
2021	7,540,000	6,970,650	14,510,650	3,036,000	1,301,050	4,337,050
2022	6,495,000	6,637,299	13,132,299	3,112,000	1,223,396	4,335,396
2023	6,860,000	6,277,964	13,137,964	3,193,000	1,138,271	4,331,271
2024	7,230,000	5,912,717	13,142,717	3,292,000	1,055,571	4,347,571
2025	7,630,000	5,521,157	13,151,157	3,392,000	945,506	4,337,506
2026	8,105,000	5,061,056	13,166,056	2,759,000	853,771	3,612,771
2027	8,610,000	4,563,822	13,173,822	2,559,000	775,858	3,334,858
2028	9,145,000	4,035,547	13,180,547	2,638,000	697,716	3,335,716
2029	9,720,000	3,474,387	13,194,387	2,667,000	615,421	3,282,421
2030	10,320,000	2,877,871	13,197,871	2,755,000	529,485	3,284,485
2031	10,925,000	2,286,998	13,211,998	2,848,000	429,701	3,277,701
2032	11,560,000	1,660,987	13,220,987	2,944,000	335,745	3,279,745
2033	12,235,000	998,068	13,233,068	3,045,000	247,401	3,292,401
2034	5,585,000	295,931	5,880,931	3,150,000	146,750	3,296,750
2035	310,000	15,500	325,500	2,957,000	48,157	3,005,157
	<u>\$ 153,876,026</u>	<u>\$ 85,625,631</u>	<u>\$ 239,501,657</u>	<u>\$ 55,252,000</u>	<u>\$ 16,229,936</u>	<u>\$ 71,481,936</u>

**B. Capital Lease**

At June 30, 2016, the City is committed under capital leases for Governmental Activities and Business-Type Activities. Under Governmental Activities, the leases are for public safety vehicles and various pieces of equipment. Under Business-Type Activities, the lease is for the Woonsocket Regional Wastewater Treatment Facility. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**7. Long-term obligations (continued)**

**B. Capital Lease (continued)**

*Governmental Activities*

Machinery and equipment totaling \$263,981 less \$219,984 of accumulated depreciation are recorded under capital leases as of June 30, 2016. For the year ended June 30, 2016, \$43,997 was included in depreciation expense.

*Business-Type Activities*

Buildings totaling \$25,000,000 less \$6,666,670 of accumulated depreciation are recorded under a capital lease in the Regional Wastewater Fund as of June 30, 2016. For the year ended June 30, 2016, \$416,667 was included in depreciation expense.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments as of June 30, 2016:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2017	\$ 47,565	\$ 1,922,542
2018	-	1,922,542
2019	-	1,922,542
2020	-	961,271
2021	-	-
Total:	\$ 47,565	\$ 6,728,897
Less: Amount representing interest:	(1,869)	(613,780)
PV of minimum lease payments:	<u>\$ 45,696</u>	<u>\$ 6,115,117</u>

**C. Landfill post closure care obligation**

State and federal laws and regulations require that the City place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The City's Davison Avenue Landfill was closed and the City's closure plan was accepted by the Rhode Island Department of Environmental Management in November 2011. In accordance with Federal and State regulations, part of the closure plan requires the City to perform post closure monitoring procedures for a period of thirty (30) years after final closure is completed. In accordance with GASB Statement No. 18, *Landfill Closure and Postclosure Care Costs*, the City has recognized a liability equal to the estimated cost of post closure care of the landfill. The estimated liability for landfill post closure care costs is \$546,900 as of June 30, 2016. The estimated total current cost of the landfill post closure care (\$546,900) is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2016. However, the actual cost of postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**7. Long-term obligations (continued)**

**D. Statutory debt limitations**

The City's indebtedness does not exceed the legal debt limitations as required by Rhode Island General Statutes. Rhode Island General Laws cap the amount of each municipality's outstanding principal indebtedness to 3% of the full assessed value of the taxable property within the City. Of the City's \$209,128,025 total bonds payable at June 30, 2016 (including bonds payable of the Water Fund and Clean Water Obligations), approximately \$16,136,025 are subject to the statutory limitation. The total assessed value of the City of Woonsocket's taxable property was \$1,906,581,185, limiting the amount of total debt subject to the statute to \$57,197,436.

**E. Current year advanced refunding and amortization**

In February 2016, the City issued \$6,130,000 of general obligation refunding bonds with an interest rate of 2.28%. These refunding bonds were issued to advance the defeasance of bonds issued in 1998, 2000 and 2005. The refunding resulted in an economic gain of \$345,040 and a total savings of \$444,336.

Differences between the reacquisition price and the net carrying value of the old debt pertaining to the current and prior year advance refunding is deferred and amortized to interest expense over six (6) years. Deferred outflows of resources of \$262,333 will be recognized in subsequent interest expense as follows:

6/30/2017	\$	57,667
6/30/2018		57,667
6/30/2019		57,667
6/30/2020		57,667
6/30/2021		<u>31,665</u>
Total	\$	<u>262,333</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**8. Fund balance classifications**

As of June 30, 2016, fund balances are composed of the following:

Fund Balance Component	General Fund	City Capital Projects Fund	City City Capital Fund	WED Capital Fund	School Unrestricted Fund	School Restricted Funds	Other Governmental Funds	Total
<u>Nonspendable:</u>								
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,929	\$ 185,929
Inventory/prepaid items	337,686	-	-	-	402,925	-	-	740,611
Total Nonspendable	337,686	-	-	-	402,925	-	185,929	926,540
<u>Restricted for:</u>								
<u>Legislative:</u>								
City clerks records	-	-	-	-	-	-	150,698	150,698
Cultural programs	-	-	-	-	-	-	1,532	1,532
Library	-	-	-	-	-	-	97,178	97,178
<u>Public safety:</u>								
Law enforcement programs	-	-	-	-	-	-	401,686	401,686
Fire rescure programs	-	-	-	-	-	-	53,954	53,954
<u>Public works:</u>								
Building inspections	-	-	-	-	-	-	10,938	10,938
Brownsfield assessment	-	-	-	-	-	-	902	902
Hazardous material grants	-	-	-	-	-	-	771	771
Recreation	-	-	-	-	-	-	252,821	252,821
Recycling program	-	-	-	-	-	-	27,412	27,412
<u>Economic development:</u>								
CDBG grants	-	-	-	-	-	-	43,270	43,270
Lead abatement	-	-	-	-	-	-	67,001	67,001
Loan programs	-	-	-	-	-	-	145,428	145,428
Planning grants	-	-	-	-	-	-	2,801	2,801
<u>Education:</u>								
Education programs	-	-	-	-	2,802,884	234,824	-	3,037,708
Scholarship programs	-	-	-	-	-	-	51,449	51,449
Capital outlay	-	-	1,412,240	989,528	-	-	-	2,401,768
Total Restricted	-	-	1,412,240	989,528	2,802,884	234,824	1,307,841	6,747,317
<u>Committed:</u>								
<u>Legislative:</u>								
Employee benefits	994,596	-	-	-	-	-	415,656	1,410,252
<u>Public safety:</u>								
Substance abuse	-	-	-	-	-	-	104	104
Law enforcement programs	-	-	-	-	-	-	17,538	17,538
Fire rescue programs	-	-	-	-	-	-	2,551	2,551
EMS vehicles	275,906	-	-	-	-	-	-	275,906
<u>Public works:</u>								
Recreation	-	-	-	-	-	-	140,343	140,343
Dump truck	136,503	-	-	-	-	-	-	136,503
<u>Economic development:</u>								
Planning grants	-	-	-	-	-	-	7,209	7,209
For future payroll	2,992	-	-	-	-	-	-	2,992
Capital outlay	-	-	-	-	-	-	726,313	726,313
Total Committed	1,409,997	-	-	-	-	-	1,309,714	2,719,711
<u>Unassigned</u>								
	5,654,439	(366,243)	-	-	-	(388,811)	(30,199)	4,869,186
	<u>\$ 7,402,122</u>	<u>\$ (366,243)</u>	<u>\$ 1,412,240</u>	<u>\$ 989,528</u>	<u>\$ 3,205,809</u>	<u>\$ (153,987)</u>	<u>\$ 2,773,285</u>	<u>\$ 15,262,754</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**9. Other information**

**A. Risk management**

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners' and contractors' protective liability.

The City and Education Department (WED) are self-insured for medical and dental insurance claims for all eligible full time employees. The activity is accounted for in the General Fund for the City's activity and the WED Unrestricted Fund for the WED's activity.

Health insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2016	\$694,290	\$ 16,569,040	\$ 16,359,948	903,382
2015	920,514	12,997,701	13,223,925	694,290

The City purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there has not been any significant reduction in insurance coverage.

**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

On February 4, 2016, the Rhode Island Superior Court ruled against the City in *Hebert vs. The City of Woonsocket* and determined that the City and its Budget Commission had improperly either modified or cancelled police retirees' health benefits, and ordered that any such health benefit reductions be restored. The City has appealed the Superior Court's decision to the Rhode Island Supreme Court on March 14, 2016, and as of January 3, 2017 the appeal remains pending. Though the City is confident that it will prevail in this matter, there is a reasonable possibility that the Superior Court's judgment will be sustained. Accordingly, a liability of \$676,271 has been recorded in the financial statements as of June 30, 2016.

# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 10. Employee retirement systems and pension plans

#### Summary

The City of Woonsocket qualified employees are included in one of three retirement plans in which the City participates. These are the Municipal Employees' Retirement System of Rhode Island (MERS), the Employees' Retirement System of Rhode Island (Teachers' Plan), and the Police and Fire Employee Pension Plan (the "Plan").

#### *Municipal Employees' Retirement System of Rhode Island (MERS) Plan description*

##### **A. Plan Description**

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at [www.ersri.org](http://www.ersri.org)

##### **B. Benefits provided**

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

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

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

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

**10. Employee retirement systems and pension plans (continued)**

**B. Benefits provided (continued)**

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

*General employees*

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

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

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

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

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

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

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

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**10. Employee retirement systems and pension plans (continued)**

**B. Benefits provided (continued)**

*Police and Fire employees*

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

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

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

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

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

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

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

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

*Other benefit provisions*

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

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

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**B. Benefits provided (continued)**

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

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

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

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

**C. Employees covered by benefit terms**

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

	General Employees	Police	Fire	Total
Retirees and beneficiaries	354	72	31	457
Inactive, non-retired members	145	12	4	161
Active members	307	84	104	495
Total	806	168	139	1,113

**D. Contributions**

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 9% of their salaries. The City of Woonsocket contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City of Woonsocket contributed \$1,066,595, \$1,288,328 and \$757,891, respectively, for the general, police and fire portion of MERS as of the measurement date (June 30, 2015) which was 10.04%, 23.32%, and 10.94%, respectively, of annual covered payroll.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**E. Actuarial assumptions**

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

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

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



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**E. Actuarial assumptions (continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Equity hedge funds	8.00%	3.98%
Private equity	7.00%	9.99%
Core fixed income	15.00%	2.18%
Absolute return hedge funds	7.00%	3.98%
Infrastructure	3.00%	5.70%
Real estate	8.00%	4.85%
Other real return assets	11.00%	
Master Limited Partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Cash, Overlay, Money Market	3.00%	0.78%
Total	<u>100.00%</u>	

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

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

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**F. Changes in the net pension liability (asset)**

	General Employees			Police			Fire		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30, 2014	\$ 63,957,877	\$ 62,407,893	\$ 1,549,984	\$ 46,975,074	\$ 34,642,410	\$ 12,332,664	\$ 40,686,746	\$ 40,863,988	\$ (177,242)
Changes for the Year:									
Service cost	975,030		975,030	929,591		929,591	1,204,725		1,204,725
Interest on the total pension liability	4,663,406		4,663,406	3,466,073		3,466,073	3,054,737		3,054,737
Changes in benefits	1,390,082		1,390,082	1,821,886		1,821,886	1,786,433		1,786,433
Difference between expected and actual experience	585,689		585,689	290,285		290,285	(387,186)		(387,186)
Changes in assumptions	-		-	-		-	-		-
Employer contributions		1,066,595	(1,066,595)		1,288,328	(1,288,328)		757,891	(757,891)
Employee contributions		214,617	(214,617)		442,102	(442,102)		554,205	(554,205)
Net investment income		1,418,447	(1,418,447)		813,302	(813,302)		984,331	(984,331)
Benefit payments, including employee refunds	(4,533,303)	(4,533,303)	-	(2,451,137)	(2,451,137)	-	(1,118,560)	(1,118,560)	-
Administrative expense		(55,038)	55,038		(31,759)	31,759		(39,472)	39,472
Other changes		7,383	(7,383)		1,183	(1,183)		17	(17)
Net changes	3,080,904	(1,881,299)	4,962,203	4,056,698	62,019	3,994,679	4,540,149	1,138,412	3,401,737
Balances as of June 30, 2015	\$ 67,038,781	\$ 60,526,594	\$ 6,512,187	\$ 51,031,772	\$ 34,704,429	\$ 16,327,343	\$ 45,226,895	\$ 42,002,400	\$ 3,224,495

**G. Sensitivity of the net pension liability to changes in the discount rate**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability - general employees	\$ 13,690,886	\$ 6,512,187	\$ 635,790
City's proportionate share of the net pension liability - police	21,684,437	16,327,342	11,942,935
City's proportionate share of the net pension liability - fire	7,860,381	3,224,495	(568,746)
Total	\$ 43,235,704	\$ 26,064,024	\$ 12,009,979

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**H. Pension plan fiduciary net position**

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

**I. Pension expense, deferred outflows and deferred inflows of resources related to pensions**

For the year ended June 30, 2016 the City recognized pension expense as follows:

General employees	\$	2,285,952
Police		3,125,959
Fire		2,117,397
Total	\$	<u>7,529,308</u>

For the year ended June 30, 2016 the City reported deferred outflows and inflows of resources related to pensions from the following sources:

General employees (City)

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 426,910	\$ -
Changes of assumptions	47,293	-
Net difference between projected and actual earnings on pension plan investments	2,510,724	2,473,090
City contributions subsequent to measurement date	630,622	-
	<u>\$ 3,615,549</u>	<u>\$ 2,473,090</u>
Net amount of deferred outflows and (inflows) excluding City contributions subsequent to measurement date		<u>\$ 511,837</u>

The \$630,622 amount reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30	
2017	\$ (18,752)
2018	(18,752)
2019	(78,340)
2020	627,681
2021	-
Thereafter	-
	<u>\$ 511,837</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**I. Pension expense, deferred outflows and deferred inflows of resources related to pensions (continued)**

Police

The \$1,597,086 amount reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248,021	\$ -
Changes of assumptions	-	171,976
Net difference between projected and actual earnings on pension plan investments	1,405,365	1,392,674
City contributions subsequent to measurement date	1,597,086	-
	\$ 3,250,472	\$ 1,564,650
Net amount of deferred outflows and (inflows) excluding City contributions subsequent to measurement date		\$ 88,736

Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30	
2017	\$ (110,057)
2018	(110,057)
2019	(110,059)
2020	354,168
2021	28,040
Thereafter	36,701
	\$ 88,736

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2016*

**10. Employee retirement systems and pension plans (continued)**

**I. Pension expense, deferred outflows and deferred inflows of resources related to pensions (continued)**

Fire

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 337,157
Changes of assumptions	-	93,203
Net difference between projected and actual earnings on pension plan investments	1,668,997	1,671,905
City contributions subsequent to measurement date	<u>1,062,932</u>	<u>-</u>
	<u>\$ 2,731,929</u>	<u>\$ 2,102,265</u>
 Net amount of deferred outflows and (inflows) excluding City contributions subsequent to measurement date		 <u>\$ (433,268)</u>

The \$1,062,932 amount reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2017	\$ (283,284)
2018	(190,081)
2019	(190,083)
2020	367,221
2021	(50,029)
Thereafter	<u>(87,012)</u>
	<u>\$ (433,268)</u>

**10. Employee retirement systems and pension plans (continued)**

**A. Plan description**

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

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

**B. Benefit provisions**

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

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

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

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

**C. Contributions**

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, WED teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the WED are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by WED; the rates were 40% and 60 % of annual covered payroll for the fiscal year ended June 30, 2016 for the state and WED, respectively. The WED contributed \$5,127,132, \$4,660,626 and \$4,282,918 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2016, the WED reported a liability of \$58,882,764 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the WED as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the WED were as follows:

City's proportionate share of the net pension liability	\$ 58,882,764
State's proportionate share of the net pension liability	<u>40,226,856</u>
Total	<u>\$ 99,109,620</u>

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. The WED's proportion of the net pension liability was based on a projection of the WED's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015 the WED's proportion was 2.14% (rounded to nearest hundredth)

For the year ended June 30, 2016 the WED recognized gross pension expense of \$11,919,840 and revenue of \$4,884,635 for support provided by the State. At June 30, 2016 the WED reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 383,407
Changes of assumptions	-	1,582,969
Net difference between projected and actual earnings on pension plan investments	3,317,756	3,362,177
Changes in proportion and differences between System contributions and proportionate share of contributions	<u>5,127,132</u>	<u>855,773</u>
	<u>\$ 8,444,888</u>	<u>\$ 6,184,326</u>
Net amount of deferred outflows and (inflows) excluding City contributions subsequent to measurement date		<u>\$ (2,866,570)</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**10. Employee retirement systems and pension plans (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

A total of \$5,127,132 was reported as deferred outflows of resources related to pensions resulting from the WED Department contributions in fiscal year 2016 subsequent to the measurement date. This will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2017	\$ (743,918)
2018	(743,818)
2019	(743,918)
2020	376,807
2021	(452,632)
Thereafter	<u>(559,091)</u>
	<u>\$ (2,866,570)</u>

**E. Actuarial Assumptions**

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

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll – closed
Remaining amortization	20 years at June 30, 2015
Inflation	2.75%
Salary increases	3.50% to 13.5%
Investment rate of return	7.50%

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

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



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**E. Actuarial Assumptions (continued)**

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

Asset Class	Target Allocation	Medium-Term Expected Real Rate of Return
Global equity	38.00%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Private equity	7.00%	9.99%
Equity hedge funds	8.00%	3.98%
Absolute return hedge	7.00%	3.98%
Infrastructure	3.00%	5.70%
Real return	11.00%	
Master Limited Partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Real estate	8.00%	4.85%
Core fixed	15.00%	2.18%
Cash	3.00%	0.78%
	<hr/>	
Total	<u>100.00%</u>	

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

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

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**E. Actuarial Assumptions (continued)**

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	\$ 69,560,800	\$ 58,882,764	\$ 46,639,367

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

*City police and fire employee pension plan*

**A. Plan description**

1. Plan administration

The City Police and Fire Employee Pension Plan (the Plan) is a single employer defined benefit pension plan. Woonsocket Police Employees hired before July 1, 1980 and Fire Employees hired before July 1, 1985 participate in the Plan. The Plan was established in accordance with the Woonsocket City Charter and are considered part of the City's financial reporting entity. The Police and Firemen's Combined Retirement Fund of the City of Woonsocket acts as a common investment fund and administrative agent for the defined benefit plan. The Plan is administered by the Woonsocket Pension Financial Advisory Board. Plan amendments are subject to approval by City Council. The Plan is included as a pension trust fund (Fiduciary Fund) in the annual financial report.

The Plan's pooled investments may be used to pay benefits to members or beneficiaries of either plan. The plans do not issue separate, stand-alone financial reports.

2. Participant Membership

\*Inactive plan participants as of July 1, 2016:

Retirees and beneficiaries currently receiving benefits	181
Disabled employees currently receiving benefits	<u>50</u>
Total	<u><u>231</u></u>

\*The plan has no active members and is closed to new participants

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**10. Employee retirement systems and pension plans (continued)**

**B. Plan provisions**

Police plan:

All members of the permanent police department who were hired prior to July 1, 1980 were eligible to join the plan. The Plan provides retirement, death, and disability benefits. Participants in the Plan are eligible to retire at the later of attainment of age 65 or the completion of 20 years of service. Normal retirement benefits are equal to 60% of current annual salary plus 2% of salary for each year worked in excess of 20 years up to a maximum benefit of 70% of annual salary. Retirement benefits are payable in the form of a 66.7% joint and survivor annuity, if the participant is married at the retirement date, or a life annuity, if the participant is single at the retirement date. During the fiscal year, a cost of living provision was added to the plan.

Firemen's plan:

All members of the permanent fire department who were hired prior to July 1, 1985 were eligible to join the Plan. The Plan provides retirement, death, and disability benefits. Participants in the Plan are eligible to retire at the later of attainment of age 65 or the completion of 20 years of service. Normal retirement benefits are equal to 50% of current annual salary plus 2.5% of salary for each year worked in excess of 20 years up to a maximum benefit of 75% of annual salary. Retirement benefits are payable in the form of a 66.7% joint and survivor annuity, if the participant is married at the retirement date, or a life annuity, if the participant is single at the retirement date. During the fiscal year, a cost-of-living provision was added to the plan.

**C. Contributions required**

The City establishes contributions based on an actuarially determined contribution calculated by an independent actuary. The actuarially determined contribution is based on a 22-year contribution schedule targeted to fully fund the plan in that timeframe. The actuarially determined contribution is calculated in accordance with the Funding Improvement Plan developed by the Pension Study Commission.

Police plan:

Participants were required to contribute 7% of their annual salary.

Firemen's plan:

Participants were required to contribute 8% of their annual salary.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**D. Investments**

*Investment policy.* The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the City of Woonsocket Pension Board by a majority vote of its members. It is the policy of the City of Woonsocket Pension Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Board periodically reviews the asset allocation and strategic objectives in light of market conditions, benefit payments, expenses, and expected contributions from the City of Woonsocket. The Pension Board adopted an asset allocation policy, which is a blend of Higher Risk, Lower Risk, and Liquidity assets. These blends translate into the following allocations:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Short-Term Target Allocation</u>
Domestic equity	54.5%	27.2%
International equity	16.0%	9.2%
Fixed income	27.5%	33.3%
Cash	2.2%	30.3%
Total	<u>100%</u>	<u>100%</u>

*Concentrations.* There were no investments in any one organization that represented 5% or more of the pension plans' net position.

*Rate of return.* For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.45%. The money-weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

**E. Net pension liability**

The City's net pension liability at June 30, 2016 is \$73,739,536. The components of the net pension liability were as follows:

Total pension liability	\$ 111,624,528
Plan fiduciary net position	<u>37,884,991</u>
Net pension liability	<u>\$ 73,739,537</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>33.94%</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**F. Actuarial assumptions**

Cost method	Entry age normal
Measurement date	June 30, 2016
Valuation date	July 1, 2016
Amortization method	Closed, 18 years remaining as of July 1, 2016, based on the Funding Improvement Plan.
Asset valuation method	Fair Value of Assets adjusted to phase in asset gains and losses over a five-year period at a rate of 20% per year. Valuation assets are further limited to a 20% corridor around market value.
Mortality	RP2000 Mortality Table, projected to 2010 using Scale AA and then fully generational using Scale AA in future years. The mortality table is further modified to assume 115% of the male rates and 95% of the female rates.
Discount rate	4.81% per annum
Inflation	2.0% per annum
Salary projection	N/A - no active participants, all participants are retired.
Cost-of-living increase	Alternating 0% and 2% until fiscal year 2023, at which point the COLA is 2% each year until the plan becomes at least 80% funded, at which point the COLA is 3%.

***Long term rate of return:***

Best estimates of geometric nominal rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Target Allocation	Short-Term Target Allocation
Domestic equity	54.5%	27.2%
International equity	16.0%	9.2%
Fixed income	27.5%	33.3%
Cash	2.2%	30.3%
Total	<u>100%</u>	<u>100%</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**I. Discount rate**

The discount rate used to measure the total pension liability was 4.81%. The projection of cash flows used to determine the discount rate assumed that plan contributions are determined in accordance with the Funding Improvement Plan. Furthermore, it is assumed that the City will deposit 50% of the required contribution for year 1, 70% of the required contribution for year 2, 90% of the required contribution for year 3, and 100% thereafter. This 20% per year increase is allowable and required under the Funding Improvement Plan for plans not making the annual required contribution. The initial percentage of 50% was determined based on historical contribution rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the fiscal year ending June 30, 2031 (or 15 years out). At that point in time, the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to years 1 through 15 (FYE 2017 - FYE 2031) of projected benefit payments and a bond rate of 2.71% was applied to projected benefit payments after the FYE June 30, 2035 to determine the total pension liability.

The bond rate of 2.71% is from the Bond Index Yield on June 30, 2016. It reflects 20-year, tax-exempt general obligation municipal bonds with an average rating of AA.

**J. Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at the beginning of the period	\$ 101,661,608	\$ 42,483,175	\$ 59,178,433
Changes for the year:			
Service cost	-	-	-
Interest	5,879,999	-	5,879,999
Difference between expected and actual experience	835,816	-	835,816
Changes in assumptions	11,009,736	-	11,009,736
Contributions - employer	-	3,633,301	(3,633,301)
Contributions - employee	-	482	(482)
Net investment income	-	314,956	(314,956)
Benefit payments, including refunds of employee contributions	(7,762,631)	(8,375,894)	613,263
Administrative expense	-	(171,028)	171,028
Other changes	-	-	-
Net changes	9,962,920	(4,598,183)	14,561,103
Balances at the end of the period	<u>\$ 111,624,528</u>	<u>\$ 37,884,992</u>	<u>\$ 73,739,536</u>

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**10. Employee retirement systems and pension plans (continued)**

**J. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 4.81% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.81%) or 1-percentage point higher (5.81%) than the current rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Net Pension Liability (City Police & Fire)	\$ 85,469,137	\$ 73,739,536	\$ 62,611,398

**K. Pension expense, deferred outflows of resources and deferred inflows of resources related to pensions**

For the year ended June 30, 2016, City recognized gross pension expense of \$16,266,815. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 3,859,273	\$ -
	<u>\$ 3,859,273</u>	<u>\$ -</u>

The amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2017	\$ 1,105,327
2018	1,105,327
2019	1,105,328
2020	543,291
2021	-
Thereafter	<u>-</u>
	<u>\$ 3,859,273</u>

**11. Status of finance related provision**

In 2003, the City of Woonsocket issued pension obligation bonds in the amount of \$90 million to finance the unfunded pension obligations of the City administered Police and Firemen's Pension Plans. The pension obligation bonds were issued pursuant to an Act passed in the General Assembly by the State of Rhode Island in January 2002. One of the provisions of the legislation requires that the City fund any unfunded pension obligations over a period of not more than five (5) years. The net pension obligation information presented in the audited financial statements reflects the estimated obligation using a thirty (30) year amortization period for the unfunded accrued liability. The amortization period used in the calculation is acceptable and in accordance with governmental accounting standards; however, it is not in accordance with the provision contained in the original legislation. The City has received a waiver from the General Assembly of the State of Rhode Island related to that provision. The annual required contribution for the fiscal year 2016 was \$3,633,000 using a 30-year amortization period versus \$8,870,727 using a 5-year amortization period.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**12. Other post-employment benefit plan**

**A. Plan description**

The City provides post-retirement healthcare benefits (health and dental insurance) in accordance with various union contracts. The plan does not issue stand-alone financial reports.

**B. Benefit provisions and contributions**

Benefit provisions

The Woonsocket Education Department offers health insurance for all bargaining unit members who retire with at least 28 years of credited service until the retiree attains the age of 65. Thereafter, if the retiree has 35 years of service, 25 in Woonsocket, the retiree is eligible for Plan 65 with a 15% employee contribution. The Woonsocket Education Department allows continuation of benefits to retirees with less than 28 years of service subject to the group rates. The plan does not issue stand-alone financial reports.

The City and the Woonsocket Education Department manage the benefits on a pay- as-you-go basis. Neither plan has established a Trust Fund for the purpose of holding assets for the payment of benefits to the members of the plans.

Employer contributions

The City's contributions are actuarially determined on an annual basis using the projected unit credit method.

Employee contributions

There are no employee contributions to the plan.

**C. Funded status and funding progress**

The funded status of the plan as of the most recent actuarial valuation date July 1, 2016 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) -	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	(a)	(b)	(b) - (a)	(a)/(b)	(c)	((b)-(a)/(c))
City	\$ -	\$ 105,460,793	\$ 105,460,793	0.00%	\$ 15,693,205	672.02%
School	\$ -	\$ 24,698,186	\$ 24,698,186	0.00%	\$ 38,396,986	64.32%
Water	\$ -	\$ 3,895,595	\$ 3,895,595	0.00%	\$ 1,048,454	371.56%
Wastewater	\$ -	\$ 436,885	\$ 436,885	0.00%	\$ 105,896	412.56%
User	\$ -	\$ 188,637	\$ 188,637	0.00%	\$ -	0.00%



**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

*June 30, 2016*

**12. Other post-employment benefit plan (continued)**

**C. Funded status and funding progress (continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedules of funding progress ("RSI"), immediately 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.

**D. Participant information**

The number of participants as of July 1, 2016 (most recent actuarial valuation) is as follows:

City Plan

Active employees	337
Retired, disabled, survivors and beneficiaries	487
Spouses	224
Total	<u>1,048</u>

Woonsocket Education Department Plan

Active employees	699
Retired, disabled, survivors and beneficiaries	176
Spouses	37
Total	<u>912</u>

**D. Actuarial methods and assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of salary, closed
Remaining amortization period	30 years decreasing, closed
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4.0%
Salary increases	2.5%
Healthcare inflation rate:	
Initial medical/dental trend rates	7.0% / 5.0%
Ultimate medical/dental trend rates	5.0% / 5.0%

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**12. Other post-employment benefits (continued)**

**E. Annual OPEB cost and net OPEB obligation (NOO)**

The net changes in the Net OPEB Obligation (NOO) were as follows:

	Governmental Activities			Business-Type Activities			
	Governmental Employees	School	Total Governmental Activities	Water	Wastewater	User	Total Business-Type Activities
		Unrestricted Fund		Enterprise Fund	Enterprise Fund	Enterprise Fund	
Annual Required Contribution (ARC)	\$ 7,726,515	\$ 1,931,871	\$ 9,658,386	\$ 272,198	\$ 27,863	\$ 39,931	\$ 339,992
Interest on Net OPEB Obligation (NOO)	2,096,535	481,543	2,578,078	58,423	(267)	(5,571)	52,585
ARC Adjustment	(2,843,154)	(650,087)	(3,493,241)	(79,228)	361	7,555	(71,312)
Annual OPEB Cost (an expense)	6,979,896	1,763,327	8,743,223	251,393	27,957	41,915	321,265
Premiums and Implicit Subsidy Paid (i.e. "Contributions	3,413,334	1,008,624	4,421,958	232,723	26,445	12,086	271,254
Cash Contributions (to an OPEB Trust)	-	-	-	-	-	-	-
Total contributions	3,413,334	1,008,624	4,421,958	232,723	26,445	12,086	271,254
Change in Net OPEB Obligation (NOO)	3,566,562	754,703	4,321,265	18,670	1,512	29,829	50,011
Net OPEB Obligation (Asset) - Beginning of Fiscal Year	52,413,397	12,038,567	64,451,964	1,460,571	(6,664)	(139,282)	1,314,625
Net OPEB Obligation (Asset) - End of Fiscal Year	<u>\$ 55,979,959</u>	<u>\$ 12,793,270</u>	<u>\$ 68,773,229</u>	<u>\$ 1,479,241</u>	<u>\$ (5,152)</u>	<u>\$ (109,453)</u>	<u>\$ 1,364,636</u>

***Three-year trend information:***

*Governmental Employees (City) - Governmental Activities*

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation (Asset)
6/30/2016	\$ 6,979,896	\$ 3,413,334	48.9%	\$ 3,566,562	\$ 55,979,959
6/30/2015	7,488,035	4,038,080	53.9%	3,449,955	52,413,397
6/30/2014	6,252,110	3,651,232	58.4%	2,600,878	48,963,442

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

**12. Other post-employment benefits (continued)**

**E. Annual OPEB cost and net OPEB obligation (NOO) (continued)**

*Three-year trend information (continued):*

School Unrestricted Fund - Governmental Activities

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation (Asset)
6/30/2016	\$ 1,763,327	\$ 1,008,624	57.2%	\$ 754,703	\$ 12,793,270
6/30/2015	1,805,172	1,077,948	59.7%	727,224	12,038,567
6/30/2014	1,731,970	1,148,296	66.3%	583,674	11,311,343

Water Enterprise Fund - Business-Type Activities

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation (Asset)
6/30/2016	\$ 251,393	\$ 232,723	92.6%	\$ 18,670	\$ 1,479,241
6/30/2015	272,204	314,734	115.6%	(42,530)	1,460,571
6/30/2014	257,490	294,568	114.4%	(37,078)	1,503,101

Wastewater Enterprise Fund - Business-Type Activities

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation (Asset)
6/30/2016	\$ 27,957	\$ 26,445	94.6%	\$ 1,512	\$ (5,152)
6/30/2015	21,697	30,085	138.7%	(8,388)	(6,664)
6/30/2014	21,036	16,177	76.9%	4,859	1,724

User Enterprise Fund - Business-Type Activities

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation (Asset)
6/30/2016	\$ 41,915	\$ 12,086	28.8%	\$ 29,829	\$ (109,453)
6/30/2015	42,983	38,868	90.4%	4,115	(139,282)
6/30/2014	20,516	44,417	216.5%	(23,901)	(143,397)

# CITY OF WOONSOCKET, RHODE ISLAND

## Notes to the Financial Statements

June 30, 2016

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### 13. Subsequent events

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2016, and through December 30, 2016, the date on which the financial statements were available to be issued. The following represents these subsequent events:

- On August 15, 2016, the State of Rhode Island conveyed all of its right, title and interest in and to the real property associated with the Woonsocket Area Career and Technical Center (hereby “WACTC”) to the City. In addition, the State has agreed to provide \$3.15 million to make necessary capital improvements to enhance the existing building.
- On July 5, 2016, City Council passed an ordinance to authorize the Fire Chief to purchase a new Fire Pumper in an amount not to exceed \$348,000.
- On October 25, 2016, the City Council passed a resolution and entered into a Master Equipment Lease/Purchase Agreement for (6) 2017 Ford Police Interceptors in the amount of \$245,850 (with interest costs of \$5,045 to be incurred over the lease term). This agreement carries an option to purchase the vehicles at the end of the lease term (January 15, 2019) for \$1.

### 14. Future implementation of GASB pronouncements

The GASB has issued the following statements:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2018. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which is required to be implemented during fiscal year 2018. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal year 2019. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

**CITY OF WOONSOCKET, RHODE ISLAND**

Notes to the Financial Statements

June 30, 2016

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**15. Restatement**

The prior period included deferred revenue in the Woonsocket Education Department's (WED) restricted fund relating to state housing aid which was actually earned at fiscal year-end. The deferred revenue was recorded in error as a result of a fiscal year 2013 interfund loan from the WED unrestricted fund that was recorded as a transfer to cover the fiscal year 2013 deficit in the WED restricted state housing aid fund. Therefore, no state housing aid receivable was recorded in fiscal year 2013 and subsequent cash receipts were considered deferred in error. Further, it was noted that fixed assets were being maintained using a method that was not consistent with historical cost as required under Generally Accepted Accounting Principles. The following represents the impact of the error on beginning net position and beginning fund balance:

	<u>Governmental Activities</u>	<u>WED Unrestricted Fund</u>
Net position / fund balance as previously reported at June 30, 2015	\$ (161,187,813)	\$ 1,995,047
To restate governmental activities land from fair market value to acquisition cost in accordance with GAAP	(16,444,951)	-
To record interfund receivable	<u>158,870</u>	<u>158,870</u>
Net position / fund balance as restated as of July 1, 2015	<u>\$ (177,473,894)</u>	<u>\$ 2,153,917</u>

*Required Supplementary Information*

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**CITY OF WOONSOCKET, RHODE ISLAND**  
**General Fund**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget (Unfavorable)</u>
<b>Revenues:</b>				
<b>Property taxes:</b>				
Current taxes	\$ 61,319,202	\$ 61,319,202	\$ 61,672,321	\$ 353,119
Prior taxes	1,100,000	1,100,000	1,740,600	640,600
Interest on taxes	800,000	800,000	1,015,104	215,104
Payment in lieu taxes	3,301,035	3,301,035	3,282,799	(18,236)
<b>Total property taxes</b>	<u>66,520,237</u>	<u>66,520,237</u>	<u>67,710,824</u>	<u>1,190,587</u>
<b>State aid - City:</b>				
Telephone tax	559,030	559,030	529,588	(29,442)
Meals and beverage tax	507,239	507,239	520,995	13,756
Distressed communities	1,095,523	1,095,523	1,086,728	(8,795)
Chapter 26 - school housing	5,267,298	5,267,298	5,287,884	20,586
State library construction	344,002	344,002	344,003	1
State motor vehicle phase-out	408,725	408,725	402,183	(6,542)
Hotel tax	55,548	55,548	60,118	4,570
<b>Total state aid - City</b>	<u>8,237,365</u>	<u>8,237,365</u>	<u>8,231,499</u>	<u>(5,866)</u>
<b>Licenses, fees and rents:</b>				
Business licenses and fees	1,125,612	1,125,612	1,207,532	81,920
Trash collection fee	-	-	-	-
Interest - trash pickup	2,400	2,400	7,270	4,870
Rental of City properties	180,000	180,000	154,579	(25,421)
<b>Total licenses, fees and rents</b>	<u>1,308,012</u>	<u>1,308,012</u>	<u>1,369,381</u>	<u>61,369</u>
Investment income - short term	12,000	12,000	11,997	(3)
<b>Departmental revenues:</b>				
Host community	1,375,844	1,375,844	1,230,277	(145,567)
Wastewater department	233,476	233,476	233,479	3
Water department	226,689	226,689	226,689	-
Solid waste program	190,763	190,763	190,763	-
Federal housing	203,353	203,353	243,379	40,026
<b>Total departmental revenues</b>	<u>2,230,125</u>	<u>2,230,125</u>	<u>2,124,587</u>	<u>(105,538)</u>
<b>Restricted receipts:</b>				
Education department - General Fund	55,204,234	55,204,234	56,111,968	907,734
<b>Miscellaneous revenues:</b>				
City pension administration	70,000	70,000	70,000	-
Miscellaneous - City	1,819,615	1,819,615	2,418,171	598,556
<b>Total miscellaneous revenues</b>	<u>1,889,615</u>	<u>1,889,615</u>	<u>2,488,171</u>	<u>598,556</u>
<b>Total revenues</b>	<u>\$ 135,401,588</u>	<u>\$ 135,401,588</u>	<u>\$ 138,048,427</u>	<u>\$ 2,646,839</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance With Final Budget (Unfavorable)</b>
Expenditures:					
Executive:					
Office of the Mayor	\$ 125,735	\$ 159,564	\$ 157,558	\$ -	\$ 2,006
Legislative:					
City council	75,699	76,593	113,619	-	(37,026)
City clerk	143,253	142,359	146,260	-	(3,901)
Probate court	8,700	8,700	10,085	-	(1,385)
Board of assessment reviews	1,050	1,050	1,050	-	-
Board of canvassers	96,809	96,809	89,052	-	7,757
Zoning board of reviews	13,850	13,850	7,988	-	5,862
Board of library trustees	1,033,183	1,033,183	999,068	-	34,115
Total legislative	1,372,544	1,372,544	1,367,122	-	5,422
Planning and development	593,720	593,720	578,820	-	14,900
Finance department	1,490,091	1,490,091	1,432,613	-	57,478
Law:					
City solicitor	545,291	545,291	529,886	-	15,405
Public safety:					
Police division	8,700,340	8,700,340	8,890,348	-	(190,008)
Fire division	8,435,904	8,916,154	8,980,384	-	(64,230)
Public safety director	7,500	7,500	7,500	-	-
Emergency management division	51,660	51,660	70,479	-	(18,819)
Total public safety	17,195,404	17,675,654	17,948,711	-	(273,057)
Public works:					
Office of the director	698,372	700,622	732,902	-	(32,280)
Engineering division	252,435	252,435	247,286	-	5,149
Highway division	2,836,789	2,748,910	2,245,119	124,776	379,015
City property division	301,589	334,689	306,024	-	28,665
Thundermist hydro	23,571	23,571	16,576	-	6,995
Parks and recreation division	168,563	197,263	194,999	-	2,264
Solid waste disposal division	2,257,201	2,257,201	2,024,993	-	232,208
Total public works	6,538,520	6,514,691	5,767,899	124,776	622,016
Economic development	61,700	61,700	15,847	-	45,853
Human services:					
Human services	182,416	182,416	181,292	-	1,124
Budget commission	32,295	32,295	52,221	-	(19,926)
Education:					
Education department expenditures	55,204,234	55,204,234	55,137,553	-	66,681
Miscellaneous:					
Insurance	953,323	953,323	960,392	-	(7,069)
Claims and judgments	-	-	503,076	-	(503,076)
Holiday	15,000	15,000	10,000	-	5,000
Contingency	1,846,272	1,256,022	1,378,000	-	(121,978)
Contribution to City funds	6,499,151	6,599,151	5,863,392	-	735,759
Pension	7,601,938	7,601,938	7,339,297	-	262,641
Miscellaneous	414,249	414,249	31,723	287,633	94,893
Total miscellaneous	17,329,933	16,839,683	16,085,880	287,633	466,170
Debt service	18,563,374	18,563,374	18,562,664	-	710
Total expenditures	\$ 119,235,257	\$ 119,235,257	\$ 117,818,066	\$ 412,409	\$ 1,004,782
Excess of revenues over expenditures before other financing uses	16,166,331	16,166,331	20,230,361	(412,409)	3,651,621
Other financing uses:					
Transfers out to school department	(16,166,331)	(16,166,331)	(16,166,331)	-	-
Net change in fund balance	\$ -	\$ -	\$ 4,064,030	\$ (412,409)	\$ 3,651,621

*See Independent Auditor's Report*



**CITY OF WOONSOCKET, RHODE ISLAND**  
Woonsocket Education Department Unrestricted Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
State aid	\$ 53,143,331	\$ 53,143,331	\$ 53,227,655	\$ 84,324
Tuition career center and other	404,000	404,000	279,457	(124,543)
RF Harris Fund	-	-	14,096	14,096
Evening and summer school	25,000	25,000	35,960	10,960
Athletic receipts	11,000	11,000	7,965	(3,035)
Facility rentals	97,500	97,500	124,874	27,374
SAFFA (Impact aid)	30,000	30,000	44,121	14,121
Indirect Cost	202,000	202,000	263,806	61,806
Medicaid	1,271,401	1,271,401	2,082,959	811,558
Sale of property	-	-	30,975	30,975
Miscellaneous	20,000	20,000	100	(19,900)
<b>Total revenues</b>	<b>55,204,232</b>	<b>55,204,232</b>	<b>56,111,968</b>	<b>907,736</b>
<b>Expenditures:</b>				
Salaries	39,029,318	39,029,318	39,506,666	(477,348)
Employee Benefits	16,382,159	16,382,159	17,811,217	(1,429,058)
Professional and technical services	1,410,762	1,410,762	1,325,223	85,539
Property services	586,682	586,682	680,230	(93,548)
Other purchased services	8,810,513	8,810,513	8,923,579	(113,066)
Supplies	2,703,000	2,703,000	2,406,561	296,439
Property and equipment	2,406,879	2,406,879	608,166	1,798,713
Other	41,250	41,250	42,240	(990)
<b>Total expenditures</b>	<b>71,370,563</b>	<b>71,370,563</b>	<b>71,303,884</b>	<b>66,679</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(16,166,331)</b>	<b>(16,166,331)</b>	<b>(15,191,916)</b>	<b>841,056</b>
<b>Other financing sources (uses):</b>				
Transfers in - general fund	16,166,331	16,166,331	16,166,331	-
Transfers in - restricted fund	-	-	312,446	312,446
Transfers out - capital funds	-	-	(589,892)	(589,892)
<b>Net other financing sources (uses)</b>	<b>16,166,331</b>	<b>16,166,331</b>	<b>15,888,885</b>	<b>(277,446)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 696,969</b>	<b>\$ 563,610</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
Notes to Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Year Ended June 30, 2016

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A reconciliation of revenues and expenditures between the accounting treatment required by GAAP and budgetary requirements is as follows:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, June 30, 2016	\$ 138,048,427	\$ 117,818,066
Activity from funds consolidated with the General Fund for financial reporting	483	(506)
Interfund transfers recorded as revenue and expenditures for budget purposes	(1,493,609)	(1,378,000)
Education Department revenues and expenditures reported in the General Fund for buget purposes	<u>(56,111,968)</u>	<u>(55,137,553)</u>
Balance, GAAP basis, June 30, 2016	<u><u>\$ 80,443,333</u></u>	<u><u>\$ 61,302,007</u></u>

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WED Unrestricted Fund

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis, June 30, 2016	\$ 56,111,968	\$71,303,884
Teachers' retirement system on-behalf payments	1,890,444	1,890,444
Activity from funds consolidated with the Unrestricted Fund for financial reporting	<u>78,115</u>	<u>108,664</u>
Balance, GAAP basis, June 30, 2016	<u><u>\$ 58,080,527</u></u>	<u><u>\$73,302,992</u></u>

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*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Municipal Employees' Retirement System of Rhode Island**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
*For the Year Ended June 30, 2016*

	For Year Ended 2015				For Year Ended 2016			
	Total MERS	General	Police	Fire	Total MERS	General	Police	Fire
<b>A. Total pension liability</b>								
Service Cost	\$ 3,109,346	\$ 975,030	\$ 929,591	\$ 1,204,725	\$ 3,070,069	\$ 1,020,440	\$ 859,338	\$ 1,190,291
Interest on the Total Pension Liability	11,184,216	4,663,406	3,466,073	3,054,737	10,791,034	4,582,516	3,347,966	2,860,552
Changes of benefit terms	4,998,401	1,390,082	1,821,886	1,786,433	-	-	-	-
Difference between expected and actual experience of the Total Pension Liability	488,788	585,689	290,285	(387,186)	-	-	-	-
Changes of assumptions	-	-	-	-	(564,638)	85,597	(250,852)	(399,383)
Benefit payments, including refunds of employee contributions	(8,103,000)	(4,533,303)	(2,451,137)	(1,118,560)	(8,044,423)	(4,641,346)	(2,382,563)	(1,020,514)
Net change in total pension liability	11,677,751	3,080,904	4,056,698	4,540,149	5,252,042	1,047,207	1,573,889	2,630,946
Total pension liability – beginning	151,619,697	63,957,877	46,975,074	40,686,746	146,367,605	62,910,670	45,401,135	38,055,800
Total pension liability – ending (a)	163,297,448	67,038,781	51,031,772	45,226,895	151,619,647	63,957,877	46,975,024	40,686,746
<b>B. Plan fiduciary net position</b>								
Contributions – employer	3,112,814	1,066,595	1,288,328	757,891	2,465,593	1,000,863	948,214	516,516
Contributions – employee	1,210,924	214,617	442,102	554,205	1,187,504	222,933	413,635	550,936
Net investment income	3,216,080	1,418,447	813,302	984,331	18,368,645	8,312,035	4,613,983	5,442,627
Benefit payments, including refunds of employee contributions	(8,103,000)	(4,533,303)	(2,451,137)	(1,118,560)	(8,044,423)	(4,641,346)	(2,382,563)	(1,020,514)
Pension Plan Administrative Expense	(126,269)	(55,038)	(31,759)	(39,472)	(115,025)	(52,050)	(28,893)	(34,082)
Other	8,583	7,383	1,183	17	(114,309)	(77,808)	(36,502)	1
Net change in plan fiduciary net position	(680,868)	(1,881,299)	62,019	1,138,412	13,747,985	4,764,627	3,527,874	5,455,484
Plan fiduciary net position – beginning	137,914,291	62,407,893	34,642,410	40,863,988	124,166,306	57,643,266	31,114,536	35,408,504
Plan fiduciary net position – ending (b)	137,233,423	60,526,594	34,704,429	42,002,400	137,914,291	62,407,893	34,642,410	40,863,988
<b>C. Net pension liability - ending (a) - (b)</b>	<u>\$ 26,064,025</u>	<u>\$ 6,512,187</u>	<u>\$ 16,327,343</u>	<u>\$ 3,224,495</u>	<u>\$ 13,705,356</u>	<u>\$ 1,549,984</u>	<u>\$ 12,332,614</u>	<u>\$ (177,242)</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability</b>	84.04%	90.29%	68.01%	92.87%	90.96%	97.58%	73.75%	100.44%
<b>E. Covered employee payroll</b>	\$ 23,072,337	\$ 10,621,237	\$ 5,523,414	\$ 6,927,686	\$ 22,498,904	\$ 10,444,622	\$ 5,146,036	\$ 6,908,246
<b>F. Net pension liability as a percentage of covered payroll</b>	112.97%	61.31%	295.60%	46.55%	60.92%	14.84%	239.65%	-2.57%

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Municipal Employees' Retirement System of Rhode Island**

**Schedule of Contributions**

*For the Year Ended June 30, 2016*

	<b>For Year Ended 2016</b>				<b>For Year Ended 2015</b>			
	<b>Total MERS</b>	<b>General</b>	<b>Police</b>	<b>Fire</b>	<b>Total MERS</b>	<b>General</b>	<b>Police</b>	<b>Fire</b>
Contractually required contribution	\$ 3,112,814	\$ 1,066,595	\$ 1,288,328	\$ 757,891	\$ 2,465,746	\$ 1,000,595	\$ 948,414	\$ 516,737
Contributions in relation to contractually required contribution	3,112,814	1,066,595	1,288,328	757,891	2,465,746	1,000,595	948,414	516,737
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 23,072,337	\$ 10,621,237	\$ 5,523,414	\$ 6,927,686	\$ 22,498,904	\$ 10,444,622	\$ 5,146,036	\$ 6,908,246
Contributions as a percentage of covered-employee payroll	13.49%	10.04%	23.32%	10.94%	10.96%	9.58%	18.43%	7.48%

*See Independent Auditor's Report*

# CITY OF WOONSOCKET, RHODE ISLAND

## Required Supplementary Information

### Municipal Employees' Retirement System of Rhode Island Notes to Pension Schedules For the Year Ended June 30, 2016

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The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

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

#### **Changes in benefit provisions –**

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 years rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less the discount rate (5yr Return - 7.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Employees' Retirement System of Rhode Island**  
**Schedule of Proportionate Share of Net Liability**  
*For the Year Ended June 30, 2016*

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	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability (asset)	<u>2.14%</u>	<u>2.18%</u>
School's proportionate share of the net pension liability (asset)	\$ 58,882,764	\$ 52,940,748
State's proportionate share of the net pension liability (asset) associated with City	<u>40,226,856</u>	<u>36,303,910</u>
Total	<u>\$ 99,109,620</u>	<u>\$ 89,244,658</u>
School's covered-employee payroll	<u>\$ 35,544,170</u>	<u>\$ 46,807,004</u>
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.66%	113.10%
Plan fiduciary net position as a percentage of the total pension liability	57.55%	61.40%

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Employees' Retirement System of Rhode Island**  
**Schedule of Contributions**  
*For the Year Ended June 30, 2016*

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	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,660,626	\$ 4,282,918
Contributions in relation to contractually required contribution	<u>4,660,626</u>	<u>4,282,918</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	<u>\$ 35,544,170</u>	<u>\$ 46,807,004</u>
Contributions as a percentage of covered- employee payroll	<u>13.11%</u>	<u>9.15%</u>

*See Independent Auditor's Report*

# CITY OF WOONSOCKET, RHODE ISLAND

## Required Supplementary Information

### Employees' Retirement System of Rhode Island Notes to the Pension Schedules For the Year Ended June 30, 2016

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The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

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

#### **Changes in benefit provisions –**

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before 7/1/2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 years rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less the discount rate (5yr Return - 7.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.



**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Police and Fire Employee Pension Plans**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
*For the Last 3 Years\**  
*June 30, 2016*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ -	\$ -	\$ -
Interest	5,879,999	5,227,317	5,897,857
Changes in benefit terms	-	12,915,190	-
Differences between expected and actual experience	835,816	2,159,333	(832,201)
Changes in assumptions	11,009,736	1,400,059	8,827,989
Benefit payments, including refunds of employee contributions	<u>(7,762,631)</u>	<u>(8,574,752)</u>	<u>(7,852,600)</u>
<b>Net change in total pension liability</b>	9,962,920	13,127,147	6,041,045
Total pension liability - beginning	\$ 101,661,608	88,534,461	82,493,416
<b>Total pension liability - ending (a)</b>	<u>\$ 111,624,528</u>	<u>\$ 101,661,608</u>	<u>\$ 88,534,461</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,633,301	\$ 3,550,035	\$ 3,466,953
Contributions - employee	482	3,256	3,125
Net investment income	314,956	533,041	3,749,908
Benefit payments, including refunds of employee contributions	(8,375,894)	(8,574,752)	(7,852,600)
Administrative expense	<u>(171,028)</u>	<u>(137,308)</u>	<u>(84,461)</u>
<b>Net change in plan fiduciary net position</b>	(4,598,183)	(4,625,728)	(717,075)
Plan fiduciary net position - beginning	42,483,175	47,108,903	47,825,978
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 37,884,992</u>	<u>\$ 42,483,175</u>	<u>\$ 47,108,903</u>
<b>Plan's net pension liability - ending (a) - (b)</b>	<u>\$ 73,739,536</u>	<u>\$ 59,178,433</u>	<u>\$ 41,425,558</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	33.94%	41.79%	53.21%
<b>Covered-employee payroll*</b>	\$ -	\$ -	\$ -
<b>Plan's net pension liability as a percentage of covered employee payroll</b>	N/A*	N/A*	N/A*

\* - As of June 30, 2014 and thereafter, there are no active participants in the plan and therefore there is no covered employee payroll. This plan is closed to new entrants.

\*Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Police and Fire Employee Pension Plans**  
**Schedule of Investment Returns and Schedule of Contributions**  
*For the Last 3 & 10 Years\**  
*June 30, 2016*

**Schedule of Investment Returns**  
**Last Three Fiscal Years**

<b>Measurement Period Ended June 30,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money weighted rate of return, net investment expenses	1.45%	1.47%	8.28%

<b>Measurement Period Ended June 30,</b>	<b>GASB Statement No. 67/68 Data</b>			<b>GASB Statement No. 27 Data</b>						
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarially determined contribution	\$ 3,633,000	\$ 3,548,000	\$ 3,465,000	\$ 3,618,476	\$ 3,610,195	\$ 2,775,469	\$ 2,707,382	\$ 1,695,606	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	3,633,301	3,550,035	3,466,953	1,003,151	1,006,677	1,011,371	15,612	24,046	32,122	36,086
Contribution deficiency (excess)	\$ (301)	\$ (2,035)	\$ (1,953)	\$ 2,615,325	\$ 2,603,518	\$ 1,764,098	\$ 2,691,770	\$ 1,671,560	\$ (32,122)	\$ (36,086)
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ 65,494	\$ 374,815	\$ 374,815	\$ 622,556	\$ 1,228,245	\$ 1,117,844	\$ 1,193,429
Contributions as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	1531.67%	268.58%	269.83%	2.51%	1.96%	2.87%	3.02%

\* - As of June 30, 2014 and thereafter, there are no active participants in the plan and therefore there is no covered employee payroll. This plan is closed to new entrants.

\*Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Police and Fire Employee Pension Plans  
Notes to the Pension Schedules**

*June 30, 2016*

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Changes of benefit terms	None
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Change in assumptions	None
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Method and assumptions used in calculation of actuarially determined contributions	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year
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The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
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Amortization Method	Closed, based upon the Funding Improvement Plan
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Remaining Amortization Period	18 years as of July 1, 2016
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Asset Valuation Method	Fair value, 5 year smoothed (20% per year)
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Inflation	2.00%
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Salary Increases	N/A - no active participants
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Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
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Cost of Living Increases	Beginning in 2015, alternating 0% and 2% until fiscal year ended 2023, at which point the COLA is 2% each year until the plan becomes at least 80% funded, at which point the COLA becomes 3%.
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**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Other Post-Employment Benefits  
Schedule of Funding Progress  
For the Last 7 Years  
June 30, 2016**

<b>Actuarial Valuation Date</b>	<b>Fiscal Year Ended</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b)-(a)/(c))</b>
<i><u>Governmental Employees (City) - Governmental Activities</u></i>							
7/1/2015	2016	\$ -	\$ 105,460,793	\$105,460,793	0.0%	\$ 15,693,205	672.0%
7/1/2014	2015	-	121,531,905	121,531,905	0.0%	13,411,559	906.2%
7/1/2013	2014	-	118,808,135	118,808,135	0.0%	13,084,448	908.0%
7/1/2012	2013	-	95,973,786	95,973,786	0.0%	12,765,315	751.8%
7/1/2011	2012	-	146,029,590	146,029,590	0.0%	14,860,196	982.7%
7/1/2010	2011	-	137,878,611	137,878,611	0.0%	14,033,197	982.5%
7/1/2009	2010	-	126,879,850	126,879,850	0.0%	13,690,924	926.7%
<i><u>School Unrestricted - Governmental Activities</u></i>							
7/1/2015	2016	\$ -	\$ 24,698,186	\$ 24,698,186	0.0%	\$ 38,396,986	64.3%
7/1/2014	2015	-	26,151,259	26,151,259	0.0%	Note 1	Not applicable
7/1/2013	2014	-	25,592,568	25,592,568	0.0%	Note 1	Not applicable
7/1/2012	2013	-	24,746,975	24,746,975	0.0%	Note 1	Not applicable
7/1/2011	2012	-	59,447,193	59,447,193	0.0%	Note 1	Not applicable
7/1/2010	2011	-	57,310,469	57,310,469	0.0%	Note 1	Not applicable
7/1/2009	2010	-	55,275,280	55,275,280	0.0%	Note 1	Not applicable
<i><u>Water Enterprise Fund - Business-Type Activities</u></i>							
7/1/2015	2016	\$ -	\$ 3,895,595	\$ 3,895,595	0.0%	\$ 1,084,454	359.2%
7/1/2014	2015	-	4,670,297	4,670,297	0.0%	945,329	494.0%
7/1/2013	2014	-	4,746,950	4,746,950	0.0%	922,272	514.7%
7/1/2012	2013	-	4,704,854	4,704,854	0.0%	899,778	522.9%
7/1/2011	2012	-	6,227,760	6,227,760	0.0%	1,051,024	592.5%
7/1/2010	2011	-	6,494,760	6,494,760	0.0%	1,063,388	610.8%
7/1/2009	2010	-	5,658,519	5,658,519	0.0%	1,037,452	545.4%
<i><u>Wastewater Enterprise Fund - Business-Type Activities</u></i>							
7/1/2015	2016	\$ -	\$ 436,885	\$ 436,885	0.0%	\$ 105,896	412.6%
7/1/2014	2015	-	413,663	413,663	0.0%	59,909	690.5%
7/1/2013	2014	-	425,986	425,986	0.0%	58,448	728.8%
7/1/2012	2013	-	433,198	433,198	0.0%	57,022	759.7%
7/1/2011	2012	-	447,936	447,936	0.0%	58,448	766.4%
7/1/2010	2011	-	452,862	452,862	0.0%	54,046	837.9%
7/1/2009	2010	-	449,526	449,526	0.0%	52,728	852.5%
<i><u>User Enterprise Fund - Business-Type Activities</u></i>							
7/1/2015	2016	\$ -	\$ 188,637	\$ 188,637	0.0%	\$ -	0.0%
7/1/2014	2015	-	351,894	351,894	0.0%	-	0.0%
7/1/2013	2014	-	374,956	374,956	0.0%	-	0.0%
7/1/2012	2013	-	400,931	400,931	0.0%	-	0.0%
7/1/2011	2012	-	722,263	722,263	0.0%	-	0.0%
7/1/2010	2011	-	719,494	719,494	0.0%	-	0.0%
7/1/2009	2010	-	785,007	785,007	0.0%	-	0.0%

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Other Post-Employment Benefits  
Schedule of Employers Contributions  
For the Last 7 Years  
June 30, 2016**

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*Governmental Employees (City) - Governmental Activities*

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2016	\$ 6,979,896	\$ 3,413,334	48.9%
2015	7,855,203	4,038,080	51.4%
2014	6,635,685	3,648,955	55.0%
2013	10,636,204	4,061,828	38.2%
2012	14,730,859	4,061,828	27.6%
2011	14,279,069	4,156,668	29.1%
2010	13,527,882	3,563,869	26.3%

*School Unrestricted - Governmental Activities*

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2016	\$ 1,931,871	\$ 1,008,623	52.2%
2015	1,938,656	1,077,948	55.6%
2014	1,843,726	1,148,499	62.3%
2013	4,755,479	2,009,321	42.3%
2012	4,580,611	2,233,551	48.8%
2011	4,019,151	2,133,511	53.1%
2010	3,884,919	1,934,163	49.8%

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Other Post-Employment Benefits  
Schedule of Employers Contributions  
For the Last 7 Years  
June 30, 2016**

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*Water Enterprise Fund - Business-Type Activities*

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2016	\$ 251,393	\$ 232,723	92.6%
2015	283,476	314,734	111.0%
2014	270,234	294,683	109.0%
2013	465,527	273,874	58.8%
2012	637,266	273,874	43.0%
2011	586,840	254,275	43.3%
2010	559,047	220,105	39.4%

*Wastewater Enterprise Fund - Business-Type Activities*

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2016	\$ 27,957	\$ 26,445	94.6%
2015	21,710	30,085	138.6%
2014	21,103	27,372	129.7%
2013	24,132	24,280	100.6%
2012	26,464	23,204	87.7%
2011	25,311	25,026	98.9%
2010	24,649	19,892	80.7%

*User Enterprise Fund - Business-Type Activities*

<b>Year Ended June 30,</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2016	\$ 41,915	\$ 12,086	28.8%
2015	41,908	38,868	92.7%
2014	19,527	44,427	227.5%
2013	32,107	60,974	189.9%
2012	32,364	56,128	173.4%
2011	-	-	N/A
2010	-	-	N/A

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information**

**Other Post-Employment Benefits  
Notes to Other Post-Employment Benefits**

*June 30, 2016*

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Valuation date	July 1, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent of salary, closed
Remaining amortization period	30 years decreasing, closed
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4.0%
Salary increases	2.5%
Healthcare inflation rate:	
Initial medical/dental trend rates	7.0% / 5.0%
Ulimate medical/dental trend rates	5.0% / 5.0%

*See Independent Auditor's Report*

*Supplementary Information*

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## **General Fund**

The general fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**CITY OF WOONSOCKET, RHODE ISLAND**

Report of Tax Collector

For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes June 1, 2015	Current Year Levy	PILOT and Supplemental	Lawful Corrections			(a)	(b)			Uncollected Taxes June 30, 2016 (a) - (b)
				Additions	Deductions	Abatements	Adjusted Amount Collectible	Taxes	Collected Interest Liens & Other Fees	Total	
1990	\$ 1,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,789	\$ -	\$ -	\$ -	\$ 1,789
1991	3,880	-	-	-	-	-	3,880	-	-	-	3,880
1992	4,197	-	-	-	-	-	4,197	-	-	-	4,197
1993	4,784	-	-	-	-	-	4,784	-	-	-	4,784
1994	57,111	-	-	-	-	-	57,111	-	-	-	57,111
1995	57,821	-	-	-	-	-	57,821	-	-	-	57,821
1996	66,111	-	-	-	-	-	66,111	28	4	32	66,083
1997	90,238	-	-	-	-	-	90,238	73	-	73	90,165
1998	94,628	-	-	-	-	-	94,628	73	191	265	94,555
1999	95,148	-	-	-	-	-	95,148	-	105	105	95,148
2000	93,977	-	-	-	-	-	93,977	-	-	-	93,977
2001	150,059	-	-	-	-	-	150,059	-	-	-	150,059
2002	138,770	-	-	-	-	-	138,770	401	100	501	138,369
2003	134,481	-	-	-	-	-	134,481	-	-	-	134,481
2004	279,194	-	-	-	-	725	278,469	2,009	3,028	5,038	276,460
2005	291,397	-	-	-	-	650	290,747	1,481	2,236	3,717	289,266
2006	363,241	-	-	-	-	641	362,600	3,203	2,481	5,684	359,397
2007	390,879	-	-	-	-	1,129	389,750	5,649	4,795	10,444	384,101
2008	409,377	-	-	-	-	1,053	408,324	5,411	4,860	10,270	402,913
2009	415,727	-	-	-	-	1,160	414,567	13,949	13,446	27,396	400,617
2010	773,596	-	-	-	-	9,427	764,169	42,922	17,044	59,966	721,248
2011	812,414	-	-	-	-	10,217	802,197	51,986	21,979	73,965	750,211
2012	1,066,112	-	-	489	661	4,597	1,061,344	123,658	41,892	165,551	937,685
2013	1,299,980	-	-	1,882	-	5,859	1,296,003	290,695	79,862	370,558	1,005,308
2014	4,708,476	-	-	3,300	87	62,863	4,648,826	2,249,707	343,488	2,593,194	2,399,120
Total Prior Years:	11,803,387	-	-	5,672	748	98,320	11,709,990	2,791,247	535,512	3,326,759	8,918,743
2015	-	64,367,625	3,448,731	619,330	1,996	434,215	67,999,475	64,578,252	488,243	65,066,496	3,421,222
Total All Years:	\$ 11,803,387	\$ 64,367,625	\$ 3,448,731	\$ 625,002	\$ 2,745	\$ 532,535	\$ 79,709,464	\$ 67,369,500	\$ 1,023,755	\$ 68,393,255	\$ 12,339,965

See Independent Auditor's Report

## **Non-Major Governmental Funds**

### *Special Revenue Funds*

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### *Permanent Funds*

Permanent funds are used to account for resources legally held in trust for specific functions, normally provided by governments. In most cases, only the earnings on the principal can be expended.

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	Harris Library Grant Fund	Planning Board Fund	Library Services Fund	City Clerks Restoration Fund	Woonsocket Senior Citizens Fund	Commercial Exterior Rehab
<b>Assets</b>						
Cash and cash equivalents	\$ 9,646	\$ 7,424	\$ 31,137	\$ 148,884	\$ 1,308	\$ -
Receivables:						
Loans	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Due from other funds	-	-	-	-	30,000	-
Prepays and inventory at cost	-	-	-	-	-	-
	<u>9,646</u>	<u>7,424</u>	<u>31,137</u>	<u>148,884</u>	<u>31,308</u>	<u>-</u>
<b>Total assets</b>						
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred outflows of resources</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 9,646</u>	<u>\$ 7,424</u>	<u>\$ 31,137</u>	<u>\$ 148,884</u>	<u>\$ 31,308</u>	<u>\$ -</u>
<b>Liabilities</b>						
Accounts payable	\$ 192	\$ 15	\$ -	\$ -	\$ 4,580	\$ -
Due to other funds	-	200	-	-	-	-
Unearned revenue	-	-	-	-	-	-
	<u>192</u>	<u>215</u>	<u>-</u>	<u>-</u>	<u>4,580</u>	<u>-</u>
<b>Total liabilities</b>						
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>						
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	9,454	-	31,137	148,884	26,728	-
Committed	-	7,209	-	-	-	-
Unassigned	-	-	-	-	-	-
	<u>9,454</u>	<u>7,209</u>	<u>31,137</u>	<u>148,884</u>	<u>26,728</u>	<u>-</u>
<b>Total fund balance</b>						
	<u>9,454</u>	<u>7,209</u>	<u>31,137</u>	<u>148,884</u>	<u>26,728</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 9,646</u>	<u>\$ 7,424</u>	<u>\$ 31,137</u>	<u>\$ 148,884</u>	<u>\$ 31,308</u>	<u>\$ -</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	ESG	Land and Outdoor Recreation Fund	Police Drug Forfeiture #1	Police Drug Forfeiture #2	Building Inspection Services Fund	Bramley Bill Fund
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 127,018	\$ 209,163	\$ 121,364	\$ 10,938	\$ 104
Receivables:						
Loans	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Intergovernmental	13,949	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
<b>Total assets</b>	<b>13,949</b>	<b>127,018</b>	<b>209,163</b>	<b>121,364</b>	<b>10,938</b>	<b>104</b>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 13,949</b>	<b>\$ 127,018</b>	<b>\$ 209,163</b>	<b>\$ 121,364</b>	<b>\$ 10,938</b>	<b>\$ 104</b>
<b>Liabilities</b>						
Accounts payable	\$ 13,949	\$ -	\$ 11,800	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>13,949</b>	<b>-</b>	<b>11,800</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	197,363	121,364	10,938	-
Committed	-	127,018	-	-	-	104
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>127,018</b>	<b>197,363</b>	<b>121,364</b>	<b>10,938</b>	<b>104</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 13,949</b>	<b>\$ 127,018</b>	<b>\$ 209,163</b>	<b>\$ 121,364</b>	<b>\$ 10,938</b>	<b>\$ 104</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	Task Force on Drug & Alcohol Abuse Fund	Rescue Run Public Fund	Rhode Island Home Fund	Hazardous Material Grant Fund	Special Squad Holding Fund	Neighborhood Crime Watch Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 1,823	\$ 110,252	\$ 270,297	\$ 771	\$ 58,360	\$ 11
Receivables:						
Loans	-	-	3,988,159	-	-	-
Accounts receivable	-	974,946	-	-	-	-
Intergovernmental	-	-	1,440	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
<b>Total assets</b>	<b>1,823</b>	<b>1,085,198</b>	<b>4,259,896</b>	<b>771</b>	<b>58,360</b>	<b>11</b>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,823</b>	<b>\$ 1,085,198</b>	<b>\$ 4,259,896</b>	<b>\$ 771</b>	<b>\$ 58,360</b>	<b>\$ 11</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 110,252	\$ 9,775	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>110,252</b>	<b>9,775</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	116,663	-	-	-
Unavailable revenue - loans	-	-	3,988,159	-	-	-
Unavailable revenue - EMS charges receivable	-	974,946.00	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>974,946</b>	<b>4,104,822</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,823	-	145,299	771	58,360	11
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>1,823</b>	<b>-</b>	<b>145,299</b>	<b>771</b>	<b>58,360</b>	<b>11</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 1,823</b>	<b>\$ 1,085,198</b>	<b>\$ 4,259,896</b>	<b>\$ 771</b>	<b>\$ 58,360</b>	<b>\$ 11</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	Lead Hazard Control Fund	Brownsfield Assessment Program Fund	Lead Hazard Demo Grant Fund	CDBG	CDBG PI	Business Revolving Loan Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 2,823	\$ 200,902	\$ 67,001	\$ 895	\$ 39,768	\$ 1,100
Receivables:						
Loans	-	-	-	-	-	38,900
Accounts receivable	-	-	-	-	-	-
Intergovernmental	-	-	-	60,928	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
<b>Total assets</b>	<b>2,823</b>	<b>200,902</b>	<b>67,001</b>	<b>61,823</b>	<b>39,768</b>	<b>40,000</b>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,823</b>	<b>\$ 200,902</b>	<b>\$ 67,001</b>	<b>\$ 61,823</b>	<b>\$ 39,768</b>	<b>\$ 40,000</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 60,928	\$ -	\$ -
Due to other funds	-	200,000	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>60,928</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	38,900
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,900</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	2,823	902	67,001	895	39,768	1,100
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>2,823</b>	<b>902</b>	<b>67,001</b>	<b>895</b>	<b>39,768</b>	<b>1,100</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 2,823</b>	<b>\$ 200,902</b>	<b>\$ 67,001</b>	<b>\$ 61,823</b>	<b>\$ 39,768</b>	<b>\$ 40,000</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	CDBG Housing Preservation Grant Fund	UDAG Loan Repayment	Hamlet Ave. Economic Program Fund	Retiree Medical	LLEBG Grant 2004-2006 Fund	Library Fines & Fees Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 1,507	\$ 129	\$ 778	\$ 415,611	\$ 3,895	\$ 41,521
Receivables:						
Loans	64,553	-	-	-	-	-
Accounts receivable	-	-	-	46	-	-
Intergovernmental	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
<b>Total assets</b>	<b>66,060</b>	<b>129</b>	<b>778</b>	<b>415,657</b>	<b>3,895</b>	<b>41,521</b>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 66,060</b>	<b>\$ 129</b>	<b>\$ 778</b>	<b>415,657</b>	<b>\$ 3,895</b>	<b>\$ 41,521</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,663
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,663</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	64,553	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>64,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,507	129	778	-	3,895	29,858
Committed	-	-	-	415,657	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>1,507</b>	<b>129</b>	<b>778</b>	<b>415,657</b>	<b>3,895</b>	<b>29,858</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 66,060</b>	<b>\$ 129</b>	<b>\$ 778</b>	<b>\$ 415,657</b>	<b>\$ 3,895</b>	<b>\$ 41,521</b>

*See Independent Auditor's Report*



**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	RI LEAP Grant	FEMA Grant	Comprehensive Planning Grant Fund	Homeland Security Fire Grant Fund	Fire Dept. P.P.E Grant Fund	Juvenile Fire Setter Educational Fund
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 2,026	\$ -	\$ 2,551	\$ -
Receivables:						
Loans	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Intergovernmental	-	-	-	137,010	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>2,026</b>	<b>137,010</b>	<b>2,551</b>	<b>-</b>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,026</b>	<b>\$ 137,010</b>	<b>\$ 2,551</b>	<b>\$ -</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 86,824	\$ -	\$ -
Due to other funds	-	-	-	50,186	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,010</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	2,026	-	-	-
Committed	-	-	-	-	2,551	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>2,026</b>	<b>-</b>	<b>2,551</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,026</b>	<b>\$ 137,010</b>	<b>\$ 2,551</b>	<b>\$ -</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	LLEBG Grant 2002-2004 Fund	Homeland Security Grant	Rivers Edge Recreation Grant Fund	Planning Challenge Grant	Recycling Coordinator Fund	Blighted Buildings Fund	Recycling Containers Fund
<b>Assets</b>							
Cash and cash equivalents	\$ 108	\$ -	\$ 1,973	\$ -	\$ 11,801	\$ 724,061	\$ -
Receivables:							
Loans	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	7,075	-
Intergovernmental	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	15,611	-	-
Prepays and inventory at cost	-	-	-	-	-	-	-
<b>Total assets</b>	<b>108</b>	<b>-</b>	<b>1,973</b>	<b>-</b>	<b>27,412</b>	<b>731,136</b>	<b>-</b>
<b>Deferred outflows of resources</b>							
None	-	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 108</b>	<b>\$ -</b>	<b>\$ 1,973</b>	<b>\$ -</b>	<b>\$ 27,412</b>	<b>\$ 731,136</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 334	\$ -	\$ -	\$ 4,823	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>-</b>	<b>-</b>	<b>4,823</b>	<b>-</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue - intergovernmental	-	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	108	-	1,639	-	27,412	-	-
Committed	-	-	-	-	-	726,313	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>108</b>	<b>-</b>	<b>1,639</b>	<b>-</b>	<b>27,412</b>	<b>726,313</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 108</b>	<b>\$ -</b>	<b>\$ 1,973</b>	<b>\$ -</b>	<b>\$ 27,412</b>	<b>\$ 731,136</b>	<b>\$ -</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	2007 JAG Grant	Woonsocket EMA Grant Fund	Cass Park Improvements	Cultural Fund	2010 JAG Grant	Police Misc Grant
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 40,197	\$ 155	\$ 1,532	\$ -	\$ -
Receivables:						
Loans	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Due from other funds	-	-	9,650	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
Total assets	<u>-</u>	<u>40,197</u>	<u>9,805</u>	<u>1,532</u>	<u>-</u>	<u>-</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 40,197</u>	<u>\$ 9,805</u>	<u>\$ 1,532</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 28,440	\$ 6,930	\$ -	\$ -	\$ -
Due to other funds	-	-	32,446	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>28,440</u>	<u>39,376</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	11,757	-	1,532	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	(29,571)	-	-	-
Total fund balance	<u>-</u>	<u>11,757</u>	<u>(29,571)</u>	<u>1,532</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 40,197</u>	<u>\$ 9,805</u>	<u>\$ 1,532</u>	<u>\$ -</u>	<u>\$ -</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	War Memorial Preservation Fund	School State Aid Advance	Police OT Special Projects Fund	Woonsocket Parks Donations Fund	Woonsocket Police Confiscated Cash Fund	Justice Assistance Grant 2012 Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 13,324	\$ -	\$ 5,020	\$ 11,598	\$ 17,863	\$ -
Receivables:						
Loans	-	-	-	-	-	-
Accounts receivable	-	-	-	96	-	-
Intergovernmental	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepays and inventory at cost	-	-	-	-	-	-
Total assets	<u>13,324</u>	<u>-</u>	<u>5,020</u>	<u>11,694</u>	<u>17,863</u>	<u>-</u>
<b>Deferred outflows of resources</b>						
None	-	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 13,324</u>	<u>\$ -</u>	<u>\$ 5,020</u>	<u>\$ 11,694</u>	<u>\$ 17,863</u>	<u>\$ -</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 325	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325</u>	<u>-</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Unavailable revenue - loans	-	-	-	-	-	-
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	5,020	11,694	-	-
Committed	13,324	-	-	-	17,538	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>13,324</u>	<u>-</u>	<u>5,020</u>	<u>11,694</u>	<u>17,538</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 13,324</u>	<u>\$ -</u>	<u>\$ 5,020</u>	<u>\$ 11,694</u>	<u>\$ 17,863</u>	<u>\$ -</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Balance Sheets**  
*June 30, 2016*

	Municipal Court	Fire EMA Donations Fund	Renaud Field Donations Fund	2013 JAG Grant	WWII Park Grant	2014 JAG Grant	2015 JAG Grant	Total School Permanent Funds	Total Other Governmental Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 136,657	\$ 42,196	\$ 5,524	\$ 5,363	\$ 250,000	\$ 8,552	\$ 5,000	\$ 237,378	\$ 3,407,309
Receivables:									
Loans	-	-	-	-	-	-	-	-	4,091,612
Accounts receivable	1,814	-	-	-	-	-	-	-	983,977
Intergovernmental	-	-	-	-	-	-	-	-	213,327
Due from other funds	-	-	-	-	-	1,020	-	-	56,281
Prepays and inventory at cost	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>138,471</b>	<b>42,196</b>	<b>5,524</b>	<b>5,363</b>	<b>250,000</b>	<b>9,572</b>	<b>5,000</b>	<b>237,378</b>	<b>8,752,506</b>
<b>Deferred outflows of resources</b>									
None	-	-	-	-	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 138,471</b>	<b>\$ 42,196</b>	<b>\$ 5,524</b>	<b>\$ 5,363</b>	<b>\$ 250,000</b>	<b>\$ 9,572</b>	<b>\$ 5,000</b>	<b>237,378</b>	<b>\$ 8,752,506</b>
<b>Liabilities</b>									
Accounts payable	\$ 7,943	\$ -	\$ -	\$ -	\$ 6,386	\$ 3,654	\$ -	\$ -	\$ 368,813
Due to other funds	128,714	-	-	5,991	9,650	-	-	-	427,187
Unearned revenue	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>136,657</b>	<b>-</b>	<b>-</b>	<b>5,991</b>	<b>16,036</b>	<b>3,654</b>	<b>-</b>	<b>-</b>	<b>796,000</b>
<b>Deferred inflows of resources</b>									
Unavailable revenue - intergovernmental	-	-	-	-	-	-	-	-	116,663
Unavailable revenue - loans	-	-	-	-	-	-	-	-	4,091,612
Unavailable revenue - EMS charges receivable	-	-	-	-	-	-	-	-	974,946
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,183,221</b>
<b>Fund balance</b>									
Nonspendable	-	-	-	-	-	-	-	185,929	185,929
Restricted	1,814	42,196	5,524	-	233,964	5,918	5,000	51,449	1,307,841
Committed	-	-	-	-	-	-	-	-	1,309,714
Unassigned	-	-	-	(628)	-	-	-	-	(30,199)
<b>Total fund balance</b>	<b>1,814</b>	<b>42,196</b>	<b>5,524</b>	<b>(628)</b>	<b>233,964</b>	<b>5,918</b>	<b>5,000</b>	<b>237,378</b>	<b>2,773,285</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 138,471</b>	<b>\$ 42,196</b>	<b>\$ 5,524</b>	<b>\$ 5,363</b>	<b>\$ 250,000</b>	<b>\$ 9,572</b>	<b>\$ 5,000</b>	<b>\$ 237,378</b>	<b>\$ 8,752,506</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 June 30, 2016

	Harris Library Grant Fund	Planning Board Fund	Library Services Fund	City Clerks Restoration Fund	Woonsocket Senior Citizens Fund	ESG
<b>Revenues:</b>						
Intergovernmental grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ 74,068	\$ 77,977
Departmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	32,116	-	-
Investment Income	-	-	87	-	-	-
Contributions	-	5,213	2,811	-	-	-
Total revenue	<u>-</u>	<u>5,213</u>	<u>2,898</u>	<u>32,116</u>	<u>74,068</u>	<u>77,977</u>
<b>Expenditures :</b>						
Current:						
Legislative - general government	7,028	15,902	9,969	26,073	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Economic development	-	-	-	-	-	77,977
Human services	-	-	-	-	60,459	-
Education	-	-	-	-	-	-
Total expenditures	<u>7,028</u>	<u>15,902</u>	<u>9,969</u>	<u>26,073</u>	<u>60,459</u>	<u>77,977</u>
Excess (deficiency) of revenues over expenditures	(7,028)	(10,689)	(7,071)	6,043	13,609	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(7,028)	(10,689)	(7,071)	6,043	13,609	-
Fund balance - beginning	16,482	17,898	38,208	142,841	13,119	-
Fund balance - ending	<u>\$ 9,454</u>	<u>\$ 7,209</u>	<u>\$ 31,137</u>	<u>\$ 148,884</u>	<u>\$ 26,728</u>	<u>\$ -</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 June 30, 2016

	<u>Land and Outdoor Recreation Fund</u>	<u>Police Drug Forfeiture #1</u>	<u>Police Drug Forfeiture #2</u>	<u>Building Inspection Services Fund</u>	<u>Bramley Bill Fund</u>	<u>Task Force on Drug &amp; Alcohol Abuse Fund</u>
<b>Revenues:</b>						
Intergovernmental grants and contracts	\$ -	\$ 127,448	\$ 27,139	\$ -	\$ -	\$ 70,840
Departmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment Income	355	-	-	16	-	6
Contributions	-	-	-	-	-	-
Total revenue	<u>355</u>	<u>127,448</u>	<u>27,139</u>	<u>16</u>	<u>-</u>	<u>70,846</u>
<b>Expenditures :</b>						
Current:						
Legislative - general government	-	-	-	-	-	-
Public safety	-	114,215	12,000	-	-	69,140
Public works	809	-	-	-	-	-
Economic development	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>809</u>	<u>114,215</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>69,140</u>
Excess (deficiency) of revenues over expenditures	(454)	13,233	15,139	16	-	1,706
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(454)	13,233	15,139	16	-	1,706
Fund balance - beginning	<u>127,472</u>	<u>184,130</u>	<u>106,225</u>	<u>10,922</u>	<u>104</u>	<u>117</u>
Fund balance - ending	<u>\$ 127,018</u>	<u>\$ 197,363</u>	<u>\$ 121,364</u>	<u>\$ 10,938</u>	<u>\$ 104</u>	<u>\$ 1,823</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2016

	Rescue Run Public Fund	Rhode Island Home Fund	Hazardous Material Grant Fund	Special Squad Holding Fund	Neighborhood Crime Watch Fund	Lead Hazard Control Fund
<b>Revenues:</b>						
Intergovernmental grants and contracts	\$ -	\$ 346,096	\$ -	\$ 75,152	\$ -	\$ -
Departmental revenues	-	-	-	-	-	-
Charges for services	1,589,624	128,072	-	-	-	-
Investment Income	-	-	-	-	-	5
Contributions	-	-	-	-	-	-
Total revenue	<u>1,589,624</u>	<u>474,168</u>	<u>-</u>	<u>75,152</u>	<u>-</u>	<u>5</u>
<b>Expenditures :</b>						
Current:						
Legislative - general government	-	-	-	-	-	-
Public safety	96,015	-	-	48,630	-	-
Public works	-	-	-	-	-	-
Economic development	-	474,168	-	-	-	-
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>96,015</u>	<u>474,168</u>	<u>-</u>	<u>48,630</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,493,609	-	-	26,522	-	5
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(1,493,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)	<u>(1,493,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	-	-	-	26,522	-	5
Fund balance - beginning	<u>-</u>	<u>145,299</u>	<u>771</u>	<u>31,838</u>	<u>11</u>	<u>2,818</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 145,299</u>	<u>\$ 771</u>	<u>\$ 58,360</u>	<u>\$ 11</u>	<u>\$ 2,823</u>

*See Independent Auditor's Report*



**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2016

	Brownsfield Assessment Program Fund	Lead Hazard Demo Grant Fund	CDBG	CDBG PI	Business Revolving Loan Fund	CDBG Housing Preservation Grant Fund
<b>Revenues:</b>						
Intergovernmental grants and contracts	\$ -	\$ 13,585	\$ 1,117,070	\$ 4,397	\$ -	\$ -
Departmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	900	-
Investment Income	286	-	-	-	-	-
Contributions	-	-	-	-	-	-
<b>Total revenue</b>	<b>286</b>	<b>13,585</b>	<b>1,117,070</b>	<b>4,397</b>	<b>900</b>	<b>-</b>
<b>Expenditures :</b>						
Current:						
Legislative - general government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Economic development	-	-	1,117,070	-	-	-
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>1,117,070</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	286	13,585	-	4,397	900	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	158,191	-
Transfers out	-	-	(158,191)	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(158,191)</b>	<b>-</b>	<b>158,191</b>	<b>-</b>
Excess of revenue and other sources over expenditures and other uses	286	13,585	(158,191)	4,397	159,091	-
Fund balance - beginning	616	53,416	159,086	35,371	(157,991)	1,507
<b>Fund balance - ending</b>	<b>\$ 902</b>	<b>\$ 67,001</b>	<b>\$ 895</b>	<b>\$ 39,768</b>	<b>\$ 1,100</b>	<b>\$ 1,507</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2016

	UDAG Loan Repayment	Hamlet Ave. Economic Program Fund	Retiree Medical	LLEBG Grant 2004-2006 Fund	Library Fines & Fees Fund	RI LEAP Grant
<b>Revenues:</b>						
Intergovernmental grants and contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,266
Departmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	42,087	-
Investment Income	-	1	1	6	105	-
Contributions	-	-	82,977	-	-	-
Total revenue	-	1	82,978	6	42,192	39,266
<b>Expenditures :</b>						
Current:						
Legislative - general government	-	-	-	-	53,500	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	27,854
Economic development	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Total expenditures	-	-	-	-	53,500	27,854
Excess (deficiency) of revenues over expenditures	-	1	82,978	6	(11,308)	11,412
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	-	1	82,978	6	(11,308)	11,412
Fund balance - beginning	129	777	332,679	3,889	41,166	(11,412)
Fund balance - ending	\$ 129	\$ 778	\$ 415,657	\$ 3,895	\$ 29,858	\$ -

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2016

	Comprehensive Planning Grant Fund	Homeland Security Fire Grant Fund	Fire Dept. P.P.E Grant Fund	Juvenile Fire Setter Educational Fund	LLEBG Grant 2002-2004 Fund	Riveres Edge Recreation Grant Fund	Recycling Coordinator Fund	Blighted Building Fund
<b>Revenues:</b>								
Intergovernmental grants and contracts	\$ -	\$ 155,500	\$ 145,291	\$ -	\$ -	\$ -	\$ -	\$ -
Departmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment Income	3	-	-	-	-	3	15,628	46
Contributions	-	-	-	-	-	-	-	12,075
<b>Total revenue</b>	<b>3</b>	<b>155,500</b>	<b>145,291</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>15,628</b>	<b>12,121</b>
<b>Expenditures :</b>								
Current:								
Legislative - general government	-	-	-	-	-	-	-	-
Public safety	-	146,010	149,306	(60)	-	-	-	-
Public works	-	-	-	-	-	334	-	260,808
Economic development	-	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>146,010</b>	<b>149,306</b>	<b>(60)</b>	<b>-</b>	<b>334</b>	<b>-</b>	<b>260,808</b>
Excess (deficiency) of revenues over expenditures	3	9,490	(4,015)	60	-	(331)	15,628	(248,687)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	975,000
Transfers out	-	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>975,000</b>
Excess of revenue and other sources over expenditures and other uses	3	9,490	(4,015)	60	-	(331)	15,628	726,313
Fund balance - beginning	2,023	(9,490)	6,566	(60)	108	1,970	11,784	-
<b>Fund balance - ending</b>	<b>\$ 2,026</b>	<b>\$ -</b>	<b>\$ 2,551</b>	<b>\$ -</b>	<b>\$ 108</b>	<b>\$ 1,639</b>	<b>\$ 27,412</b>	<b>\$ 726,313</b>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2016

	Woonsocket EMA Grant Fund	Cass Park Improvements	Cultural Fund	War Memorial Preservation Fund	Police OT Special Projects Fund	Woonsocket Parks Donations Fund	Woonsocket Police Confiscated Cash Fund	Justice Assistance Grant 2012 Fund
<b>Revenues:</b>								
Intergovernmental grants and contracts	\$ 57,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,489
Departmental revenues	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment Income	-	93	-	19	7	-	-	-
Contributions	-	(41,810)	1,693	-	-	16,875	10,816	-
<b>Total revenue</b>	<b>57,920</b>	<b>(41,717)</b>	<b>1,693</b>	<b>19</b>	<b>7</b>	<b>16,875</b>	<b>10,816</b>	<b>21,489</b>
<b>Expenditures :</b>								
Current:								
Legislative - general government	-	-	-	-	-	-	-	-
Public safety	56,380	-	-	-	-	-	-	24,857
Public works	-	(37)	-	-	-	6,934	432	-
Economic development	-	-	-	-	-	-	-	-
Human services	-	-	3,528	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>56,380</b>	<b>(37)</b>	<b>3,528</b>	<b>-</b>	<b>-</b>	<b>6,934</b>	<b>432</b>	<b>24,857</b>
Excess (deficiency) of revenues over expenditures	1,540	(41,680)	(1,835)	19	7	9,941	10,384	(3,368)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	1,540	(41,680)	(1,835)	19	7	9,941	10,384	(3,368)
Fund balance - beginning	10,217	12,109	3,367	13,305	5,013	1,753	7,154	3,368
Fund balance - ending	\$ 11,757	\$ (29,571)	\$ 1,532	\$ 13,324	\$ 5,020	\$ 11,694	\$ 17,538	\$ -

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
*For the Year Ended June 30, 2016*

	Municipal Court	Fire EMA Donations Fund	Renaud Field Donations Fund	2013 JAG Grant	WWII Park Grant	2014 JAG Grant	2015 JAG Grant	Total School Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues:</b>									
Intergovernmental grants and contracts	\$ 1,814	\$ -	\$ -	\$ 25,000	\$ 250,000	\$ 25,000	\$ 5,000	\$ -	\$ 2,660,052
Departmental revenues	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	1,792,799
Investment Income	-	62	14	-	-	-	-	339	17,082
Contributions	-	1,000	-	-	-	-	-	-	91,650
<b>Total revenue</b>	<b>1,814</b>	<b>1,062</b>	<b>14</b>	<b>25,000</b>	<b>250,000</b>	<b>25,000</b>	<b>5,000</b>	<b>339</b>	<b>4,561,583</b>
<b>Expenditures :</b>									
Current:									
Legislative - general government	-	-	-	-	-	-	-	-	112,472
Public safety	-	2,977	-	25,628	-	19,082	-	-	764,180
Public works	-	-	-	-	16,036	-	-	-	313,171
Economic development	-	-	-	-	-	-	-	-	1,669,215
Human services	-	-	-	-	-	-	-	-	63,987
Education	-	1,000	-	-	-	-	-	1,050	2,050
<b>Total expenditures</b>	<b>-</b>	<b>3,977</b>	<b>-</b>	<b>25,628</b>	<b>16,036</b>	<b>19,082</b>	<b>-</b>	<b>1,050</b>	<b>2,925,075</b>
Excess (deficiency) of revenues over expenditures	1,814	(2,915)	14	(628)	233,964	5,918	5,000	(711)	1,636,508
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	-	-	-	-	1,133,191
Transfers out	-	-	-	-	-	-	-	-	(1,651,800)
Other financing sources (uses)	-	-	-	-	-	-	-	-	(518,609)
Excess of revenue and other sources over expenditures and other uses	1,814	(2,915)	14	(628)	233,964	5,918	5,000	(711)	1,117,899
Fund balance - beginning	-	45,111	5,510	-	-	-	-	238,089	1,655,386
Fund balance - ending	\$ 1,814	\$ 42,196	\$ 5,524	\$ (628)	\$ 233,964	\$ 5,918	\$ 5,000	\$ 237,378	\$ 2,773,285

*See Independent Auditor's Report*

## **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations or other governments.

### ***Private-Purpose Trust Funds***

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

### ***Agency Funds***

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Fiduciary Funds  
 Private Purpose Trust Funds  
 Combining Statement of Fiduciary Net Position  
*June 30, 2016*

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	EMS Public Fund	Valois Trust Fund	Animal Exp Trust	Fire Dept Honor Guard	Education Department Private Purpose Trust Funds	Total Private Purpose Trust Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 305	\$ 22,369	\$ 9,057	\$ 176	\$ 44,427	\$ 76,334
Receivables:						
Accounts	-	-	525	-	-	525
Total assets	<u>305</u>	<u>22,369</u>	<u>9,582</u>	<u>176</u>	<u>44,427</u>	<u>76,859</u>
<b>Net Position</b>						
Held in trust for other purposes	<u>\$ 305</u>	<u>\$ 22,369</u>	<u>\$ 9,582</u>	<u>\$ 176</u>	<u>44,427</u>	<u>\$ 76,859</u>

*See Independent Auditor's Report*

**CITY OF WOONSOCKET, RHODE ISLAND**  
 Fiduciary Funds  
 Private Purpose Trust Funds  
 Combining Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2016

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	EMS Public Fund	Valois Trust Fund	Animal Exp Trust	Fire Dept Honor Guard	Education Department Private Purpose Trust Funds	Total Private Purpose Trust Funds
<b>Additions</b>						
Contributions	\$ -	\$ -	\$ 7,803	\$ -	\$ 575	\$ 8,378
Investment income	-	32	14	1	69	116
Total additions	-	32	7,817	1	644	8,494
<b>Deductions</b>						
Program expenses	-	-	5,000	-	3,800	8,800
Change in net position	-	32	2,817	1	(3,156)	(306)
Net position - beginning	305	22,337	6,765	175	47,583	77,165
Net position - ending	<u>\$ 305</u>	<u>\$ 22,369</u>	<u>\$ 9,582</u>	<u>\$ 176</u>	<u>\$ 44,427</u>	<u>\$ 76,859</u>

*See Independent Auditor's Report*



**CITY OF WOONSOCKET, RHODE ISLAND**

Agency Funds

Combining Statement of Assets and Liabilities

*June 30, 2016*

	<b>Balance July 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2016</b>
<b>Assets</b>				
Cash:				
Sidewalk deposit fund	\$ 3,164	\$ 22,572	\$ (25,736)	\$ -
Curbing deposit fund	2,666	5,590	(8,256)	-
Construction escrow fund	8,276	5,698	(8,985)	4,989
Wasilewski-Bebe Fire COLA escrow fund	5,183	6,070	(454)	10,799
Deduction services fund	218,965	6,095,097	(5,990,061)	324,001
Fire dental plan	488,546	203,384	(167,159)	524,771
Woonsocket School Department agency funds	<u>165,357</u>	<u>321,993</u>	<u>(249,108)</u>	<u>238,242</u>
Total cash	<u>892,157</u>	<u>6,660,404</u>	<u>(6,449,759)</u>	<u>1,102,802</u>
Accounts receivable				
Deduction services fund	<u>3,086</u>	<u>129</u>	<u>(3,215)</u>	<u>-</u>
Due from other funds				
Deduction services fund	-	220,348	(220,348)	-
Woonsocket School Department agency funds	<u>21,259</u>	<u>25,095</u>	<u>(23,253)</u>	<u>23,101</u>
Total due from other funds	<u>21,259</u>	<u>245,443</u>	<u>(243,601)</u>	<u>23,101</u>
Total assets	<u>\$ 916,502</u>	<u>\$ 6,905,976</u>	<u>\$ (6,696,575)</u>	<u>\$ 1,125,903</u>
<b>Liabilities</b>				
Deposits held for others:				
Sidewalk deposit fund	\$ 3,164	\$ 22,572	\$ (25,736)	\$ -
Curbing deposit fund	2,666	5,590	(8,256)	-
Construction escrow fund	8,276	5,698	(8,985)	4,989
Wasilewski-Bebe Fire COLA escrow fund	1,726	-	(454)	1,272
Deduction services fund	53,096	6,080,317	(6,107,095)	26,318
Fire dental plan	488,546	127,755	(116,990)	499,311
Woonsocket School Department agency funds	<u>186,616</u>	<u>86,468</u>	<u>(21,795)</u>	<u>251,289</u>
Total deposits held for others	<u>744,090</u>	<u>6,328,400</u>	<u>(6,289,311)</u>	<u>783,179</u>
Accounts payable:				
Fire dental plan	-	75,629	(50,169)	25,460
Deduction services fund	<u>2,096</u>	<u>176,015</u>	<u>(86,337)</u>	<u>91,774</u>
Total accounts payable	<u>2,096</u>	<u>251,644</u>	<u>(136,506)</u>	<u>117,234</u>
Due to other funds:				
Wasilewski-Bebe Fire COLA escrow fund	3,457	6,070	-	9,527
Woonsocket School Department agency funds	-	260,619	(250,566)	10,053
Deduction services fund	<u>166,859</u>	<u>59,243</u>	<u>(20,192)</u>	<u>205,910</u>
Total due to other funds	<u>170,316</u>	<u>325,932</u>	<u>(270,758)</u>	<u>225,490</u>
Total liabilities	<u>\$ 916,502</u>	<u>\$ 6,905,976</u>	<u>\$ (6,696,575)</u>	<u>\$ 1,125,903</u>

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**Trend Information**

**CITY OF WOONSOCKET, RHODE ISLAND**

Net Position by Component (Unaudited)

*Last Ten Years*

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 168,087,518	\$ 102,916,832	\$ 101,963,913	\$ 101,948,625	\$ 97,455,150
Restricted	7,336,171	5,721,937	4,537,526	2,318,397	-
Unrestricted	<u>(363,495,989)</u>	<u>(269,826,582)</u>	<u>(264,723,987)</u>	<u>(163,476,108)</u>	<u>(154,586,033)</u>
<b>Total governmental activities net position</b>	<u>(188,072,300)</u>	<u>(161,187,813)</u>	<u>(158,222,548)</u>	<u>(59,209,086)</u>	<u>(57,130,883)</u>
<b>Business-type activities:</b>					
Net investment in capital assets	26,985,501	31,172,354	29,593,323	29,948,199	31,456,816
Restricted	7,289,646	7,561,236	22,433,356	16,755,396	-
Unrestricted	<u>26,500,729</u>	<u>15,585,792</u>	<u>(3,215,654)</u>	<u>(2,352,719)</u>	<u>9,737,835</u>
<b>Total business-type activities</b>	<u>60,775,876</u>	<u>54,319,382</u>	<u>48,811,025</u>	<u>44,350,876</u>	<u>41,194,651</u>
<b>Total net position:</b>					
Net investment in capital assets	195,073,019	134,089,186	131,557,236	131,896,824	128,911,966
Restricted	14,625,817	13,283,173	26,970,882	19,073,793	-
Unrestricted	<u>(336,995,260)</u>	<u>(254,240,790)</u>	<u>(267,939,641)</u>	<u>(165,828,827)</u>	<u>(144,848,198)</u>
<b>Total net position</b>	<u><u>\$(127,296,424)</u></u>	<u><u>\$(106,868,431)</u></u>	<u><u>\$(109,411,523)</u></u>	<u><u>\$(14,858,210)</u></u>	<u><u>\$(15,936,232)</u></u>

**CITY OF WOONSOCKET, RHODE ISLAND**

## Net Position by Component (Unaudited)

*Last Ten Years*

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	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities:					
Net investment in capital assets	\$ 96,210,606	\$ 93,385,222	\$ 101,536,700	\$ 96,694,726	\$ 95,941,555
Restricted	-	-	-	-	-
Unrestricted	<u>(135,120,405)</u>	<u>(129,143,063)</u>	<u>(120,907,484)</u>	<u>(99,805,656)</u>	<u>(93,961,974)</u>
Total governmental activities net position	<u>(38,909,799)</u>	<u>(35,757,841)</u>	<u>(19,370,784)</u>	<u>(3,110,930)</u>	<u>1,979,581</u>
Business-type activities:					
Net investment in capital assets	29,159,522	27,245,486	24,797,024	24,557,529	22,421,976
Restricted	-	-	-	-	-
Unrestricted	<u>9,554,887</u>	<u>7,858,114</u>	<u>7,789,772</u>	<u>6,722,588</u>	<u>6,016,244</u>
Total business-type activities	<u>38,714,409</u>	<u>35,103,600</u>	<u>32,586,796</u>	<u>31,280,117</u>	<u>28,438,220</u>
Total net position:					
Net investment in capital assets	125,370,128	120,630,708	126,333,724	121,252,255	118,363,531
Restricted	-	-	-	-	-
Unrestricted	<u>(125,565,518)</u>	<u>(121,284,949)</u>	<u>(113,117,712)</u>	<u>(93,083,068)</u>	<u>(87,945,730)</u>
Total net position	<u>\$ (195,390)</u>	<u>\$ (654,241)</u>	<u>\$ 13,216,012</u>	<u>\$ 28,169,187</u>	<u>\$ 30,417,801</u>

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Changes in Net Position by Component (Unaudited)**  
*Last Ten Years*

	2016	2015	2014	2013	2012
<b>Expenses:</b>					
<b>Governmental activities:</b>					
Executive	\$ 144,904	\$ 153,359	\$ 162,597	\$ 175,339	\$ 127,200
Legislative - general government	2,429,743	2,269,146	2,099,437	2,324,463	1,424,654
Planning and development	1,036,428	1,085,732	583,944	1,178,352	612,450
Finance	2,207,543	1,661,140	1,784,636	2,271,095	1,572,842
Law	626,023	536,535	308,507	403,660	487,258
Public safety	51,884,763	46,018,271	32,854,930	34,955,286	34,890,322
Public works	7,825,596	8,098,868	8,338,072	8,300,406	6,950,730
Economic development	1,021,432	117,155	819,855	1,119,173	1,645,254
Human services	392,608	223,096	194,807	307,969	262,439
Other fixed and general charges	-	-	-	-	9,047,074
Education	86,255,215	82,136,198	78,901,007	79,069,690	83,653,677
Budget commission	52,221	394,821	649,569	549,144	-
Interest and other costs	8,069,290	9,124,849	9,798,878	11,701,389	10,925,297
<b>Total governmental activities expenses</b>	<b>161,945,766</b>	<b>151,819,170</b>	<b>136,496,239</b>	<b>142,355,966</b>	<b>151,599,197</b>
<b>Business-type activities:</b>					
Water Fund	6,226,858	5,448,953	5,514,730	6,102,394	5,764,643
Regional Wastewater Fund	6,134,788	6,104,575	5,351,428	5,621,716	5,938,863
Thundermist hydro	-	-	-	-	-
User Charge Fund	7,509,938	6,689,257	5,677,027	5,344,560	6,501,521
School Proprietary Fund	3,048,949	3,173,114	2,983,994	2,576,240	2,571,009
<b>Total business type activities expenses</b>	<b>22,920,533</b>	<b>21,415,899</b>	<b>19,527,179</b>	<b>19,644,910</b>	<b>20,776,036</b>
<b>Total expenses</b>	<b>\$ 184,866,299</b>	<b>\$ 173,235,069</b>	<b>\$ 156,023,418</b>	<b>\$ 162,000,876</b>	<b>\$ 172,375,233</b>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
Legislative	\$ 2,193,111	\$ 2,200,275	\$ 2,070,172	\$ 1,853,214	\$ 1,144,648
Planning and development	-	-	-	-	205,102
Finance	-	-	-	-	80,168
Public safety	1,636,323	1,553,160	1,744,009	1,505,480	1,271,866
Public works	1,855,167	1,967,963	2,415,064	3,565,250	1,723,286
Economic development	79,321	302,762	75,346	967,384	522,988
Human services	-	-	-	-	-
Other fixed and general charges	-	-	-	-	1,354,660
Education	540,671	811,006	821,820	917,036	3,585,837
Operating grants and contributions	67,391,257	67,794,701	64,916,857	61,649,075	63,547,583
Capital grants and contributions	6,059,840	5,351,016	5,382,193	5,414,892	165,572
<b>Total governmental activities program revenues</b>	<b>\$ 79,755,690</b>	<b>\$ 79,980,883</b>	<b>\$ 77,425,461</b>	<b>\$ 75,872,331</b>	<b>\$ 73,601,710</b>

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Changes in Net Position by Component (Unaudited)**  
*Last Ten Years*

	2011	2010	2009	2008	2007
Expenses:					
Governmental activities:					
Executive	\$ 141,797	\$ 146,668	\$ 210,076	\$ 153,651	\$ 180,137
Legislative - general government	1,366,402	1,225,806	1,434,284	1,645,928	1,520,754
Planning and development	690,177	715,071	775,314	794,841	806,388
Finance	1,385,533	1,525,472	2,006,066	1,710,406	1,644,305
Law	620,842	191,769	382,216	226,052	215,840
Public safety	34,637,355	33,575,589	24,310,365	21,894,317	20,608,274
Public works	7,202,354	7,761,137	8,070,942	8,576,164	8,931,813
Economic development	2,531,324	2,225,884	1,966,042	4,065,480	3,956,618
Human services	334,611	223,392	380,099	323,987	300,562
Other fixed and general charges	8,863,842	10,205,688	7,428,058	7,954,591	9,691,228
Education	82,596,333	76,967,143	78,998,410	81,124,700	74,619,064
Budget commission	-	-	-	-	-
Interest and other costs	10,600,441	9,170,992	7,103,776	7,328,322	6,697,190
Total governmental activities expenses	<u>150,971,011</u>	<u>143,934,611</u>	<u>133,065,648</u>	<u>135,798,439</u>	<u>129,172,173</u>
Business-type activities:					
Water Fund	5,843,994	5,603,322	5,821,402	5,342,511	6,128,007
Regional Wastewater Fund	6,145,985	5,040,488	5,146,717	5,499,245	5,324,676
Thundermist hydro	1,732	21,354	8,506	14,226	13,290
User Charge Fund	6,192,121	5,811,673	5,702,595	5,790,891	5,753,844
School Proprietary Fund	2,711,848	2,738,282	2,736,494	2,842,042	2,687,295
Total business type activities expenses	<u>20,895,680</u>	<u>19,215,119</u>	<u>19,415,714</u>	<u>19,488,915</u>	<u>19,907,112</u>
Total expenses	<u>\$ 171,866,691</u>	<u>\$ 163,149,730</u>	<u>\$ 152,481,362</u>	<u>\$ 155,287,354</u>	<u>\$ 149,079,285</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative	\$ 1,324,179	\$ 1,163,711	\$ 1,307,113	\$ 1,714,515	\$ 2,080,136
Planning and development	209,160	9,521	136,186	162,374	150,082
Finance	50,644	73,356	54,000	52,000	52,000
Public safety	1,361,706	1,264,407	1,188,112	1,261,340	458,361
Public works	1,685,764	1,511,539	836,048	602,751	504,802
Economic development	685,983	486,687	1,083,586	780,151	774,988
Human services	73,841	92,268	82,862	54,836	54,836
Other fixed and general charges	1,128,571	1,134,018	419,801	1,097,946	1,484,683
Education	3,567,184	3,180,721	2,676,933	2,832,663	2,210,755
Operating grants and contributions	69,056,919	61,844,050	62,732,110	67,578,563	66,400,300
Capital grants and contributions	417,160	1,152,382	2,227,181	167,000	167,560
Total governmental activities program revenues	<u>\$ 79,561,111</u>	<u>\$ 71,912,660</u>	<u>\$ 72,743,932</u>	<u>\$ 76,304,139</u>	<u>\$ 74,338,503</u>

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Changes in Net Position by Component (Unaudited)**  
*Last Ten Years*

	2016	2015	2014	2013	2012
Business-type activities:					
Charges for services:					
Water Fund	\$ 8,747,659	\$ 7,918,853	\$ 7,886,743	\$ 7,537,390	\$ 7,232,680
Regional Wastewater Fund	8,156,722	6,961,132	5,940,922	5,541,200	7,109,179
Thundermist hydro	-	-	-	-	-
User Charge Fund	9,264,362	8,561,284	7,923,112	7,182,172	6,527,603
School Proprietary Fund	294,231	292,090	301,805	342,042	2,502,867
Operating grants and contributions	2,904,604	3,043,158	2,564,647	2,198,330	-
Total business-type activities program revenues	<u>29,367,578</u>	<u>26,776,517</u>	<u>24,617,229</u>	<u>22,801,134</u>	<u>23,372,329</u>
Total program revenues	<u>109,123,268</u>	<u>106,757,400</u>	<u>102,042,690</u>	<u>98,673,465</u>	<u>96,974,039</u>
Net revenue (expense):					
Governmental activities	(82,190,076)	(71,838,287)	(59,070,778)	(66,483,635)	(77,997,487)
Business-type activities	<u>6,447,045</u>	<u>5,360,618</u>	<u>5,090,050</u>	<u>3,156,224</u>	<u>2,596,293</u>
Total net revenue (expense)	<u>(75,743,031)</u>	<u>(66,477,669)</u>	<u>(53,980,728)</u>	<u>(63,327,411)</u>	<u>(75,401,194)</u>
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	65,517,289	63,293,047	60,068,868	60,275,781	55,896,272
Grants and contributions no restricted to specific programs	6,013,887	5,719,930	5,888,847	2,504,824	2,408,192
Unrestricted investment earnings	60,494	17,576	6,731	294	2,443
Other general revenues - net	-	-	-	-	-
Host community agreement revenue	-	-	-	-	2,088,216
Transfers	-	(157,531)	-	-	-
Total governmental activities	<u>71,591,670</u>	<u>68,873,022</u>	<u>65,964,446</u>	<u>62,780,899</u>	<u>60,395,123</u>
Business-type activities:					
Unrestricted investment earnings	9,449	208	81	1	133,316
Other	-	-	-	-	-
Transfers	-	157,531	-	-	-
Total business-type activities	<u>9,449</u>	<u>157,739</u>	<u>81</u>	<u>1</u>	<u>133,316</u>
Total general revenues	<u>71,601,119</u>	<u>69,030,761</u>	<u>65,964,527</u>	<u>62,780,900</u>	<u>60,528,439</u>
Changes in net position:					
Governmental activities	(10,598,406)	(2,965,265)	6,893,668	(3,702,736)	(17,602,364)
Business-type activities	<u>6,456,494</u>	<u>5,518,357</u>	<u>5,090,131</u>	<u>3,156,225</u>	<u>2,729,609</u>
Total change in net position	<u>\$ (4,141,912)</u>	<u>\$ 2,553,092</u>	<u>\$ 11,983,799</u>	<u>\$ (546,511)</u>	<u>\$ (14,872,755)</u>

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Changes in Net Position by Component (Unaudited)**  
*Last Ten Years*

	2011	2010	2009	2008	2007
Business-type activities:					
Charges for services:					
Water Fund	\$ 7,328,130	\$ 7,192,384	\$ 7,418,711	\$ 8,027,520	\$ 6,729,477
Regional Wastewater Fund	6,649,082	5,671,962	6,015,124	5,878,340	5,860,833
Thundermist hydro	145,783	94,521	-	-	-
User Charge Fund	5,952,491	5,662,763	5,503,431	5,512,651	5,308,093
School Proprietary Fund	2,541,913	2,786,468	575,785	597,454	697,887
Operating grants and contributions	-	-	2,078,140	2,049,806	1,920,320
Total business-type activities					
program revenues	22,617,399	21,408,098	21,591,191	22,065,771	20,516,610
Total program revenues	102,178,510	93,320,758	94,335,123	98,369,910	94,855,113
Net revenue (expense):					
Governmental activities	(71,409,900)	(72,021,951)	(60,321,716)	(59,494,300)	(54,833,670)
Business-type activities	1,721,719	2,192,979	2,175,477	2,576,856	609,498
Total net revenue (expense)	(69,688,181)	(69,828,972)	(58,146,239)	(56,917,444)	(54,224,172)
General revenues and other changes in net position:					
Governmental activities:					
Property taxes	53,820,107	47,806,294	44,670,491	43,526,292	41,098,056
Grants and contributions no					
restricted to specific programs	2,397,853	6,664,268	8,919,513	10,603,884	11,269,260
Unrestricted investment earnings	6,912	16,235	26,215	258,413	334,666
Other general revenues - net	-	-	-	15,200	-
Host community agreement revenue	653,297	1,159,097	-	-	-
Transfers	(1,989,475)	(11,000)	-	-	-
Total governmental activities	54,888,694	55,634,894	53,616,219	54,403,789	52,701,982
Business-type activities:					
Unrestricted investment earnings	123,745	260,398	283,492	265,041	389,409
Other	-	52,427	(821,997)	-	-
Transfers	1,989,475	11,000	-	-	-
Total business-type activities	2,113,220	323,825	(538,505)	265,041	389,409
Total general revenues	57,001,914	55,958,719	53,077,714	54,668,830	53,091,391
Changes in net position:					
Governmental activities	(16,521,206)	(16,387,057)	(6,705,497)	(5,090,511)	(2,131,688)
Business-type activities	3,834,939	2,516,804	1,636,972	2,841,897	998,907
Total change in net position	\$ (12,686,267)	\$ (13,870,253)	\$ (5,068,525)	\$ (2,248,614)	\$ (1,132,781)



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

City Council  
City of Woonsocket, Rhode Island

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woonsocket, Rhode Island (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 5, 2017.

## **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

**Purpose of this Report**

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

*Hague, Sahady & Co., CPA's, PC*

**Hague, Sahady & Co., CPA's, PC**

Fall River, Massachusetts

January 5, 2017