
CITY OF EAST PROVIDENCE

***ANNUAL
FINANCIAL STATEMENTS***

***FOR THE FISCAL YEAR ENDED
OCTOBER 31, 2016***

Prepared by: Finance Department

EAST PROVIDENCE, RHODE ISLAND

**CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| I. INTRODUCTORY SECTION | |
| <i>LIST OF CITY OFFICIALS</i> | |
| II. FINANCIAL SECTION | |
| <i>INDEPENDENT AUDITORS' REPORT</i> | 1 |
| <i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i> | 3 |
| <i>BASIC FINANCIAL STATEMENTS</i> | |
| <i>Government Wide Financial Statements</i> | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 |
| <i>Fund Financial Statements</i> | |
| Balance Sheet – Governmental Funds | 15 |
| Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities | 17 |
| Statement of Net Position – Proprietary Funds | 18 |
| Statement of Revenue, Expenses, and Changes in Fund Net Position – Proprietary Funds | 19 |
| Statement of Cash Flows – Proprietary Funds | 20 |
| Statement of Fiduciary Net Position | 22 |
| Statement of Changes in Fiduciary Net Position | 23 |
| <i>Notes to the Financial Statements</i> | |
| Required Disclosures and Other Information | 24 |
| <i>REQUIRED SUPPLEMENTARY INFORMATION (RSI)</i> | |
| Budgetary Comparison Schedule – General Fund | |
| Schedule of Revenues and Expenditures and Changes in Fund Balance | 81 |
| Budgetary Comparison Schedule – School Unrestricted Fund | |
| Schedule of Revenues and Expenditures | 83 |
| Other Post Employment Benefit Plans | |
| Schedule of Funding Progress | 84 |
| Pension Plans | |
| Employees' Retirement System (ERS) | |
| Schedule of Proportionate Share and Schedule of Employer Contributions | 85 |
| Municipal Employees' Retirement System (MERS) | |
| Schedule of Changes in Net Pension Liability and Related Ratios | 86 |
| Schedule of Employer Contributions | 87 |

(continued)

**CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2016**

TABLE OF CONTENTS

(continued)

PAGE

REQUIRED SUPPLEMENTARY INFORMATION (RSI) (continued)

| | |
|---|----|
| Police and Fire Local Pension Plan | |
| Schedule of Changes in Net Pension Liability and Schedule of Employer Contributions | 88 |
| Schedule of Investment Returns | 89 |
| Teachers' Survivor Benefits (TSB) | |
| Schedule of Proportionate Share and Schedule of Employer Contributions | 90 |
| Notes to Required Supplementary Information | 91 |

Other Supplementary Information

| | |
|---|-----|
| Combining Balance Sheet – Non-Major Governmental Funds | 93 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds | 94 |
| Combining Balance Sheet – Non-Major Governmental Funds Special Revenue Funds City | 95 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Special Revenue Funds City | 102 |
| Combining Balance Sheet – Non-Major Governmental Funds Special Revenue Funds – School Restricted | 109 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Special Revenue Funds – School Restricted | 116 |
| Combining Balance Sheet – Non-Major Governmental Funds Capital Project Funds | 123 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds Capital Project Funds | 124 |
| Combining Balance Sheet – Non-Major Governmental Funds Permanent Funds | 125 |
| Combining Statement of Revenues, Expenses and Changes in Net Position – Non-Major Governmental Funds Permanent Funds | 126 |
| Combining Statement of Net Position – Agency Funds | 127 |
| Tax Collectors Annual Report | 128 |

III. SINGLE AUDIT SECTION

| | |
|---|-----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 129 |
| Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 | 131 |
| Schedule of Expenditures of Federal Awards | 134 |
| Schedule of Findings and Questioned Costs | 135 |
| Schedule of Prior Year Findings and Questioned Costs | 138 |
| Notes to Schedule of Expenditures of Federal Awards | 140 |

(concluded)

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of City Officials

CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICIALS

CITY COUNCIL

James A. Briden, Mayor
Robert Britto, Assistant Mayor
Joseph A. Botelho, Jr.
Brian J. Faria
Anna M. Sousa

CITY OFFICIALS

Timothy J. Chapman, Acting City Manager
Malcom Moore, Finance Director
Timothy J. Chapman, City Solicitor
Kim Casci-Palangio, City Clerk
Christopher Parella, Chief of Police
Oscar Elmasian, Fire Chief
Stephen Coutu, Public Works Director
Jeanne Boyle, Planning Director
Eileen Socha, Library Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of East Providence as of October 31, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for OPEB, schedule of contributions for pension plans, schedule of changes in net pension liability, schedule of investment return for the local police and fire pension plan, and schedule of proportionate share of the net pension liability on pages 3 through 12 and pages 81 through 92, 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 East Providence, Rhode Island's basic financial statements. The combining and individual non-major fund financial statements, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory has 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 Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 28, 2018 on our consideration of the City of East Providence internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of East Providence internal control over financial reporting and compliance.

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
February 28, 2018

Management's Discussion and Analysis

CITY OF EAST PROVIDENCE, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of East Providence provides this Management's Discussion and Analysis of the City of East Providence's Annual Financial Report for the readers of the City's financial statements. This narrative overview and analysis of the financial statements of the City of East Providence is for fiscal year ended October 31, 2016.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2015 and 2016 fiscal years.

FINANCIAL HIGHLIGHTS

The City requires that any unreserved fund balance that exceeds 10% of revenues, be transferred to a Capital Fund to be used solely for financing capital projects. The surplus from the fiscal year 2016 was \$1,350,388. The City's total General Fund fund balance as of October 31, 2016 was \$29,941,639.

The School Department reported a surplus of \$200,253, bringing their accumulated fund balance to \$7,052,782 as of October 31, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

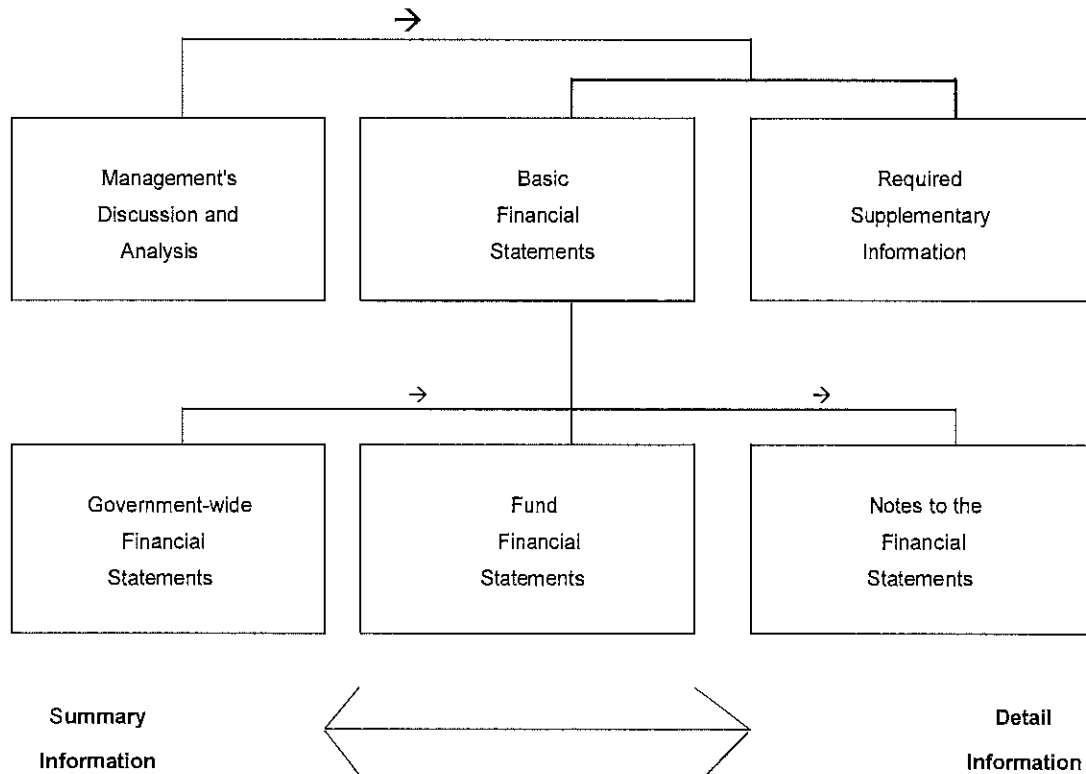


Figure A- 2

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

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

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

Government-Wide Statements

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

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

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

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

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

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

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Governmental Funds — Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirement.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities.

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

1. General Fund
2. School Unrestricted Fund

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

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

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

Fiduciary Funds — Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Notes to the financial statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$(64,824,238) at the close of the most recent fiscal year.

The largest portion of the City's net position, \$(75,989,258) reflects its investment in capital such as land, building, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that

the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

*City of East Providence
Net Position*

| | <u>October 31, 2015</u> | | | <u>October 31, 2016</u> | | |
|--------------------------|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| Current and Other Assets | \$ 85,769,624 | \$ 34,740,316 | \$ 120,509,940 | \$ 98,336,228 | \$ 17,242,038 | \$ 115,578,266 |
| Capital assets | 89,513,780 | 87,187,395 | 176,701,175 | 88,335,921 | 96,372,802 | 184,708,723 |
| Other assets | 9,025,384 | - | 9,025,384 | 124,470 | - | 124,470 |
| Total Assets | <u>184,308,788</u> | <u>121,927,711</u> | <u>306,236,499</u> | <u>186,796,619</u> | <u>113,614,840</u> | <u>300,411,459</u> |
| Deferred Outflows | 27,932,120 | - | 27,932,120 | 49,202,552 | - | 49,202,552 |
| Other Liabilities | 16,771,216 | 10,167,000 | 26,938,216 | 20,173,513 | 2,265,035 | 22,438,548 |
| Long-Term Liabilities | 287,696,428 | 74,948,446 | 362,644,874 | 255,297,181 | 72,141,478 | 327,438,659 |
| Total Liabilities | <u>304,467,644</u> | <u>85,115,446</u> | <u>389,583,090</u> | <u>275,470,694</u> | <u>74,406,513</u> | <u>349,877,207</u> |
| Deferred Inflows | 9,505,046 | - | 9,505,046 | 64,374,956 | - | 64,374,956 |
| Net Position: | | | | | | |
| Invested in Capital | | | | | | |
| Net of Related Debt | 49,319,971 | 12,317,105 | 61,637,076 | 51,673,612 | 24,315,646 | 75,989,258 |
| Restricted | 3,502,359 | - | 3,502,359 | 4,924,612 | - | 4,924,612 |
| Unrestricted | (154,554,112) | 24,495,160 | (130,058,952) | (160,444,703) | 14,892,681 | (145,552,022) |
| Total Net Position | <u>\$(101,731,782)</u> | <u>\$36,812,265</u> | <u>\$(64,919,517)</u> | <u>\$(103,846,479)</u> | <u>\$39,208,327</u> | <u>\$(64,638,152)</u> |

An additional portion of the City's net position, \$4,924,612 represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net position (\$108,771,091) may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

City of East Providence
Changes in Net Position

| | <u>October 31, 2015</u> | | | <u>October 31, 2016</u> | | |
|---|---------------------------------|--------------------------------|------------------------|---------------------------------|--------------------------------|------------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 9,352,137 | \$22,373,407 | \$ 31,725,544 | \$ 6,721,458 | \$22,868,075 | \$ 29,589,533 |
| Operating Grants and Contributions | 43,449,165 | - | 43,449,165 | 53,358,253 | - | 53,358,253 |
| Capital Grants and Contributions | 1,000,773 | - | 1,000,773 | 425,647 | - | 425,647 |
| | | | - | | | - |
| General Revenues | | | | | | |
| Property taxes | 101,717,248 | - | 101,717,248 | 102,657,619 | - | 102,657,619 |
| State general revenue sharing | 6,464,321 | - | 6,464,321 | 174,327 | - | 174,327 |
| Miscellaneous | 8,153 | 35,575 | 43,728 | 909,070 | - | 909,070 |
| Total revenues | <u>161,991,797</u> | <u>22,408,982</u> | <u>184,400,779</u> | <u>164,246,374</u> | <u>22,868,075</u> | <u>187,114,449</u> |
| Expenses | | | | | | |
| General government | 16,252,109 | - | 16,252,109 | 13,764,592 | - | 13,764,592 |
| Public safety | 35,281,538 | - | 35,281,538 | 35,575,412 | - | 35,575,412 |
| Public works | 7,439,334 | - | 7,439,334 | 8,218,882 | - | 8,218,882 |
| Public libraries | 1,084,597 | - | 1,084,597 | 928,589 | - | 928,589 |
| Parks and recreation | 2,428,229 | - | 2,428,229 | 2,569,130 | - | 2,569,130 |
| Sanitation | 2,067,896 | - | 2,067,896 | 2,250,910 | - | 2,250,910 |
| Education | 85,899,492 | - | 85,899,492 | 90,267,449 | - | 90,267,449 |
| Miscellaneous | 10,949,939 | - | 10,949,939 | 11,501,735 | - | 11,501,735 |
| Debt service | 1,958,253 | - | 1,958,253 | 1,240,684 | - | 1,240,684 |
| Water Fund Expenses | - | 7,492,396 | 7,492,396 | - | 7,713,035 | 7,713,035 |
| WPC Fund Expenses | - | 12,976,138 | 12,976,138 | - | 12,802,666 | 12,802,666 |
| Total expenses | <u>163,361,387</u> | <u>20,468,534</u> | <u>183,829,921</u> | <u>166,317,383</u> | <u>20,515,701</u> | <u>186,833,084</u> |
| Excess/(deficiency) before transfers | (1,369,590) | 1,940,448 | 570,858 | (2,071,009) | 2,352,374 | 281,365 |
| Transfers | - | - | - | (43,688) | 43,688 | - |
| Change in net position | (1,369,590) | 1,940,448 | 570,858 | (2,114,697) | 2,396,062 | 281,365 |
| Net position - beginning | 46,369,305 | 34,871,817 | 81,241,122 | (101,731,782) | 36,812,265 | (64,919,517) |
| Prior period adjustments (see Note 18) | (146,731,497) | - | (146,731,497) | - | - | - |
| Net position - beginning re-stated | <u>(100,362,192)</u> | 34,871,817 | <u>(65,490,375)</u> | <u>(101,731,782)</u> | 36,812,265 | <u>(64,919,517)</u> |
| Net position - ending | <u>\$ (101,731,782)</u> | <u>\$36,812,265</u> | <u>\$ (64,919,517)</u> | <u>\$ (103,846,479)</u> | <u>\$39,208,327</u> | <u>\$ (64,638,152)</u> |

Governmental activities — Governmental activities decreased the City's net position by (\$2,114,697).
Business-type activities - Business-type activities increased the City's net position by \$2,396,062.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,361,736 an increase of \$890,990 in comparison with the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$29,941,639.

The fund balance in the City's general fund increased by \$1,350,388 during the current fiscal year.

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

Unrestricted net position of the water fund at the end of the year amounted to \$8,978,790, a decrease of \$10,586,836. This large decrease can be attributed to a loan to the City's Investment in capital assets, net of related debt of \$10,305,092 for Fiscal Year 2016. In the wastewater fund, unrestricted net assets amounted to \$5,913,891 an increase of \$984,357.

General Fund Budgetary Highlights

The budget passed in October 2016. There was a deficit in revenues for the year compared to the budget in the amount of \$1,151,627.

The following revenue sources had revenue that was materially over/ (under) budget for the fiscal year:

- a) Property taxes were (\$562,412) under budget. But interest on property tax (a non-budgeted item) totaled \$933,923. With this included, property taxes and interest were 371,511 over budget for the year.
- b) Fines and penalties were 703,113 over budget, mostly due to interest revenue on fines and penalties.

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

- a) Public safety expenditures were over budget by \$380,926, mostly related to overtime expenses.
- b) Public works was under budget by (\$334,992), due to turnover savings in salary.
- c) Debt service expenditures for a potential fiscal year synchronization bond were under budget which was set up as a reserve until a final determination is voted upon.

Capital Assets and Debt Administration

Capital Assets — The City's investment in capital assets for its governmental and business-type activities as of October 31, 2016 amounted to \$184,708,729 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and construction in progress.

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

| | <u>October 31, 2015</u> | | | <u>October 31, 2016</u> | | |
|--------------------------------|---------------------------------|--------------------------------|------------------------|---------------------------------|--------------------------------|-----------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| Land /improvements | \$ 7,834,437 | \$ 3,536,549 | \$ 11,370,986 | \$ 7,889,473 | \$ 3,536,549 | \$ 11,426,022 |
| Buildings/improvements | 95,540,264 | 25,351,144 | \$ 120,891,408 | 95,812,478 | 25,367,566 | 121,180,044 |
| Infrastructure | 48,576,566 | 100,110,961 | \$ 148,687,527 | 49,465,361 | 100,110,961 | 149,576,322 |
| Vehicles | 16,344,252 | 1,710,484 | \$ 18,054,736 | 17,325,408 | 1,835,942 | 19,161,350 |
| Machinery & equipment | 14,578,212 | 6,001,013 | \$ 20,579,225 | 15,472,474 | 6,077,117 | 21,549,591 |
| Construction in progress | 182,337 | 2,148,063 | \$ 2,330,400 | 992,736 | 13,729,895 | 14,722,631 |
| Less: Accumulated Depreciation | <u>(93,542,288)</u> | <u>(51,670,819)</u> | <u>\$(145,213,107)</u> | <u>(98,622,009)</u> | <u>(54,285,222)</u> | <u>(152,907,231)</u> |
| Total | <u>\$ 89,513,780</u> | <u>\$ 87,187,395</u> | <u>\$ 176,701,175</u> | <u>\$ 88,335,921</u> | <u>\$ 96,372,808</u> | <u>\$ 184,708,729</u> |

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

Long-Term Debt – At the end of the fiscal year, the City had total debt outstanding of \$108,644,384. General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

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

| | <u>October 31, 2015</u> | | | <u>October 31, 2016</u> | | |
|--------------------------|---------------------------------|--------------------------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
| | Govern- mental Activities | Business Type Activities | Total | Govern- mental Activities | Business Type Activities | Total |
| General Obligation Bonds | \$ 13,829,300 | \$ 1,250,700 | \$ 15,080,000 | \$ 12,112,800 | \$ 1,052,200 | \$ 13,165,000 |
| Capital Leases Payable | 24,285,000 | - | \$ 24,285,000 | 22,645,000 | - | 22,645,000 |
| Loans Payable | <u>2,079,509</u> | <u>72,627,299</u> | <u>\$ 74,706,808</u> | <u>1,904,509</u> | <u>70,929,875</u> | <u>72,834,384</u> |
| Totals | <u>\$ 40,193,809</u> | <u>\$ 73,877,999</u> | <u>\$ 114,071,808</u> | <u>\$ 36,662,309</u> | <u>\$ 71,982,075</u> | <u>\$ 108,644,384</u> |

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

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for City bonds is \$120,157,716.

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

Independent Audit

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Parmelee Poirier & Associates provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended October 31, 2016. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports related specifically to the single audit are contained in a separate document.

Economic Factors and Next Year's Budgets and Rates

The FY 2016 budget was adopted based on a tax decrease of \$0.69 per \$1,000 on real residential property and an increase of \$1.69 per \$1,000 on real commercial property. The City's actual rates moved to \$22.26 for residential, and \$24.64 for real commercial property. The waste water rates increased to \$10.74 per 100 cubic feet of water used based upon the actual quarterly or monthly meter reading of water consumption. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND

Statement of Net Position

October 31, 2016

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 54,805,059 | \$ 1,282,155 | \$ 56,087,214 |
| Restricted cash and cash equivalents | - | 4,066,132 | 4,066,132 |
| Investments | - | 5,594,556 | 5,594,556 |
| Accounts receivable: | | | |
| Real estate and personal property taxes (net) | 28,509,011 | 7,512,389 | 36,021,400 |
| Due from other governments | 1,880,702 | - | 1,880,702 |
| Other receivables | 2,944,983 | - | 2,944,983 |
| Internal Balances | 1,220,795 | (1,220,795) | - |
| Inventory | - | 7,601 | 7,601 |
| Prepaid items | 970,336 | - | 970,336 |
| Net OPEB asset | 124,470 | - | 124,470 |
| Net pension asset | 7,985,342 | - | 7,985,342 |
| Other assets | 20,000 | - | 20,000 |
| Capital assets: | | | |
| Assets not being depreciated - land | 4,076,963 | 3,328,334 | 7,405,297 |
| Property, plant and equipment | 83,266,222 | 79,314,573 | 162,580,795 |
| Construction in progress | 992,736 | 13,729,895 | 14,722,631 |
| Total capital assets | <u>88,335,921</u> | <u>96,372,802</u> | <u>184,708,723</u> |
| TOTAL ASSETS | <u>186,796,619</u> | <u>113,614,840</u> | <u>300,411,459</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Amounts related to pensions | 49,202,552 | - | 49,202,552 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>49,202,552</u> | <u>-</u> | <u>49,202,552</u> |
| LIABILITIES | | | |
| Cash overdraft | 857,195 | - | 857,195 |
| Accounts payable and accrued expenses | 12,582,782 | 2,147,530 | 14,730,312 |
| Unearned revenue | 6,723,536 | - | 6,723,536 |
| Other liabilities | 10,000 | 117,505 | 127,505 |
| Long-term liabilities: | | | |
| Due within one year | 3,630,052 | 3,425,000 | 7,055,052 |
| Due in more than one year | 251,667,129 | 68,716,478 | 320,383,607 |
| TOTAL LIABILITIES | <u>275,470,694</u> | <u>74,406,513</u> | <u>349,877,207</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Amounts related to pensions | 64,374,956 | - | 64,374,956 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>64,374,956</u> | <u>-</u> | <u>64,374,956</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 51,673,612 | 24,315,646 | 75,989,258 |
| Nonspendable: | | | |
| General fund | 611,222 | - | 611,222 |
| School special revenue unrestricted fund | 359,114 | - | 359,114 |
| Permanent funds | 46,164 | - | 46,164 |
| Restricted for: | | | |
| RIHEBC school capital improvements | 3,908,112 | - | 3,908,112 |
| Unrestricted (deficit) | (160,444,703) | 14,892,681 | (145,552,022) |
| TOTAL NET POSITION | <u>\$ (103,846,479)</u> | <u>\$ 39,208,327</u> | <u>\$ (64,638,152)</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Activities
For the Year Ended October 31, 2016

| Functions/ Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 13,764,592 | \$ 4,731,127 | \$ 7,277,299 | \$ - | \$ (1,756,166) | | \$ (1,756,166) |
| Public safety | 35,575,412 | 1,875,168 | 888,968 | 18,301 | (32,792,975) | | (32,792,975) |
| Public works | 8,218,882 | - | 1,941,896 | 219,260 | (6,057,726) | | (6,057,726) |
| Sanitation | 928,589 | - | - | - | (928,589) | | (928,589) |
| Parks and recreation | 2,569,130 | - | - | - | (2,569,130) | | (2,569,130) |
| Public libraries | 2,250,910 | - | - | - | (2,250,910) | | (2,250,910) |
| Education | 90,267,449 | 115,163 | 43,250,090 | 188,086 | (46,714,110) | | (46,714,110) |
| Miscellaneous | 11,501,735 | - | - | - | (11,501,735) | | (11,501,735) |
| Debt service | 1,240,684 | - | - | - | (1,240,684) | | (1,240,684) |
| Total governmental activities | 166,317,383 | 6,721,458 | 53,358,253 | 425,647 | (105,812,025) | | (105,812,025) |
| Business type activities: | | | | | | | |
| Water fund | 7,713,035 | 8,500,060 | - | - | - | 787,025 | 787,025 |
| WPC fund | 12,802,666 | 14,368,015 | - | - | - | 1,565,349 | 1,565,349 |
| Total business-type activities | 20,515,701 | 22,868,075 | - | - | - | 2,352,374 | 2,352,374 |
| Total primary government | \$ 186,833,084 | \$ 29,589,533 | \$ 53,358,253 | \$ 425,647 | (105,812,025) | 2,352,374 | (103,459,651) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 102,657,619 | - | 102,657,619 |
| Unrestricted investment earnings | | | | | 909,070 | - | 909,070 |
| State general revenue sharing | | | | | 174,327 | - | 174,327 |
| Total general revenues and transfers | | | | | 103,697,328 | 43,688 | 103,741,016 |
| Change in net position | | | | | (2,114,697) | 2,396,062 | 281,365 |
| Net position - beginning | | | | | (101,731,782) | 36,812,265 | (64,919,517) |
| Net position - ending | | | | | \$ (103,846,479) | \$ 39,208,327 | \$ (64,638,152) |

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

Fund Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
Balance Sheet
Governmental Funds
October 31, 2016

| | <u>General Fund</u> | <u>School Special Revenue Unrestricted Fund</u> | <u>Other Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 50,764,850 | \$ - | \$ 4,040,209 | \$ 54,805,059 |
| Accounts receivable: | | | | |
| Real estate and personal property taxes (net) | 28,509,011 | - | - | 28,509,011 |
| Due from other governments | - | 89,931 | 1,790,771 | 1,880,702 |
| Other receivables | - | 237,089 | 2,707,894 | 2,944,983 |
| Internal balances | 4,815,883 | 18,987,580 | 5,321,629 | 29,125,092 |
| Other assets | 20,000 | - | - | 20,000 |
| Prepaid items | 611,222 | 359,114 | - | 970,336 |
| TOTAL ASSETS | <u>\$ 84,720,966</u> | <u>\$ 19,673,714</u> | <u>\$ 13,860,503</u> | <u>\$ 118,255,183</u> |
| LIABILITIES | | | | |
| Cash overdraft | \$ - | \$ - | \$ 857,195 | \$ 857,195 |
| Accounts payable and accrued expenditures | 5,300,062 | 5,618,311 | 971,035 | 11,889,408 |
| Internal balances | 20,826,022 | 1,482,793 | 5,595,482 | 27,904,297 |
| Unearned revenue: | | | | |
| Other | 144,232 | 5,509,828 | 1,069,476 | 6,723,536 |
| Other liabilities | - | 10,000 | - | 10,000 |
| TOTAL LIABILITIES | <u>26,270,316</u> | <u>12,620,932</u> | <u>8,493,188</u> | <u>47,384,436</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Unearned tax revenue | 28,509,011 | - | - | 28,509,011 |
| FUND BALANCES | | | | |
| Nonspendable fund balances | 611,222 | 359,114 | 46,164 | 1,016,500 |
| Restricted fund balances, reported in: | | | | |
| Capital projects funds | - | - | 3,908,112 | 3,908,112 |
| Special revenue funds | - | - | 2,402,773 | 2,402,773 |
| Assigned fund balances | 14,486,836 | 6,693,668 | - | 21,180,504 |
| Unassigned, reported in: | | | | |
| General fund | 14,843,581 | - | - | 14,843,581 |
| Special revenue funds | - | - | (989,734) | (989,734) |
| TOTAL FUND BALANCES | <u>29,941,639</u> | <u>7,052,782</u> | <u>5,367,315</u> | <u>42,361,736</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES | <u>\$ 84,720,966</u> | <u>\$ 19,673,714</u> | <u>\$ 13,860,503</u> | <u>\$ 118,255,183</u> |

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

| | |
|---|---------------|
| 1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 7) | 88,335,921 |
| 2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 7) | 35,925,449 |
| 3) Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 7) | (255,297,181) |
| 4) Deferred inflows of resources are not financial resources and therefore are not reported in the funds. (see note 7) | (64,374,956) |
| 5) Deferred outflows of resources are not financial resources and therefore are not reported in the funds. (see note 7) | 49,202,552 |

Net position of governmental activities \$ (103,846,479)

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended October 31, 2016

| | <u>General Fund</u> | <u>School Special Revenue Unrestricted Fund</u> | <u>Other Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---|---|---|
| Revenues | | | | |
| General property tax | \$ 102,383,748 | \$ - | \$ - | \$ 102,383,748 |
| Federal and state aid and grants | 6,117,922 | 33,069,307 | 10,949,146 | 50,136,375 |
| Charges for services | 4,731,127 | 115,163 | - | 4,846,290 |
| Fines and penalties | 1,875,168 | - | - | 1,875,168 |
| Investment and interest income | 904,216 | - | 4,854 | 909,070 |
| Interest income | 29,707 | - | 209,854 | 239,561 |
| Other revenue | - | 3,541 | 170,786 | 174,327 |
| State on behalf contribution | - | 3,407,964 | - | 3,407,964 |
| Total revenues | <u>116,041,888</u> | <u>36,595,975</u> | <u>11,334,640</u> | <u>163,972,503</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 6,813,719 | - | 1,238,950 | 8,052,669 |
| Public safety | 34,447,533 | - | 535,648 | 34,983,181 |
| Public works | 7,669,185 | - | 1,763,926 | 9,433,111 |
| Parks and recreation | 928,137 | - | 452 | 928,589 |
| Sanitation | 2,603,651 | - | - | 2,603,651 |
| Public libraries | 2,141,016 | - | - | 2,141,016 |
| Education | - | 80,399,531 | 8,222,158 | 88,621,689 |
| Miscellaneous | 11,501,735 | - | - | 11,501,735 |
| Debt service | 4,772,184 | - | - | 4,772,184 |
| Total expenditures | <u>70,877,160</u> | <u>80,399,531</u> | <u>11,761,134</u> | <u>163,037,825</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>45,164,728</u> | <u>(43,803,556)</u> | <u>(426,494)</u> | <u>934,678</u> |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 233,157 | 44,003,809 | - | 44,236,966 |
| Transfers to other funds | (44,047,497) | - | (233,157) | (44,280,654) |
| Total other financing sources (uses) | <u>(43,814,340)</u> | <u>44,003,809</u> | <u>(233,157)</u> | <u>(43,688)</u> |
| Net change in fund balances | 1,350,388 | 200,253 | (659,651) | 890,990 |
| Fund balances - beginning | <u>28,591,251</u> | <u>6,852,529</u> | <u>6,026,966</u> | <u>41,470,746</u> |
| Fund balances - ending | <u>\$ 29,941,639</u> | <u>\$ 7,052,782</u> | <u>\$ 5,367,315</u> | <u>\$ 42,361,736</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended October 31, 2016

| | | |
|---|----|---------------------------|
| Net change in fund balances-total governmental funds | \$ | 704,904 |
| Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period. | | (1,177,859) |
| Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds. | | 273,871 |
| Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. | | (5,896) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced. | | 3,531,500 |
| Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities. | | <u>(5,627,303)</u> |
| Change in net position of governmental activities | \$ | <u><u>(2,300,783)</u></u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Net Position
Proprietary Funds
October 31, 2016

| | Enterprise Funds | | Totals |
|---|-------------------------|----------------------|----------------------|
| | Water Fund | WPC Fund | |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,045,056 | \$ 237,099 | \$ 1,282,155 |
| Investments | 1,710,074 | 3,884,482 | 5,594,556 |
| Restricted cash and cash equivalents | 4,066,132 | - | 4,066,132 |
| Accounts receivable usage sales and fees | 4,186,851 | 3,325,538 | 7,512,389 |
| Inventory | 7,601 | - | 7,601 |
| Total current assets | <u>11,015,714</u> | <u>7,447,119</u> | <u>18,462,833</u> |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Land | 1,909,975 | 1,418,359 | 3,328,334 |
| Construction in progress | 13,653,442 | 76,453 | 13,729,895 |
| Land improvements | 83,806 | 124,409 | 208,215 |
| Infrastructure | 25,242,478 | 74,868,483 | 100,110,961 |
| Buildings, pump stations and tanks | 8,268,223 | 17,099,343 | 25,367,566 |
| Machinery and equipment | 2,002,551 | 4,074,567 | 6,077,118 |
| Vehicles | 1,310,942 | 525,000 | 1,835,942 |
| Total property, plant and equipment | <u>52,471,417</u> | <u>98,186,614</u> | <u>150,658,031</u> |
| Less accumulated depreciation | <u>18,256,073</u> | <u>36,029,156</u> | <u>54,285,229</u> |
| Net property, plant and equipment | <u>34,215,344</u> | <u>62,157,458</u> | <u>96,372,802</u> |
| TOTAL ASSETS | <u>45,231,058</u> | <u>69,604,577</u> | <u>114,835,635</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued expenses | 1,055,126 | 1,092,403 | 2,147,529 |
| Internal balances | 897,475 | 323,320 | 1,220,795 |
| Other liabilities | - | 117,505 | 117,505 |
| Current portion of long-term debt | <u>1,079,000</u> | <u>2,346,000</u> | <u>3,425,000</u> |
| Total current liabilities | <u>3,031,601</u> | <u>3,879,228</u> | <u>6,910,829</u> |
| Non-current liabilities | | | |
| Accrued compensated absences | 84,323 | - | 84,323 |
| Bonds and loans payable | <u>22,831,252</u> | <u>45,800,904</u> | <u>68,632,156</u> |
| Total non-current liabilities | <u>22,915,575</u> | <u>45,800,904</u> | <u>68,716,479</u> |
| TOTAL LIABILITIES | <u>25,947,176</u> | <u>49,680,132</u> | <u>75,627,308</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 10,305,092 | 14,010,554 | 24,315,646 |
| Restricted for improvements | - | - | - |
| Unrestricted | <u>8,978,790</u> | <u>5,913,891</u> | <u>14,892,681</u> |
| TOTAL NET POSITION | <u>\$ 19,283,882</u> | <u>\$ 19,924,445</u> | <u>\$ 39,208,327</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended October 31, 2016

| | Enterprise Funds | | |
|--|-------------------------|----------------------|----------------------|
| | Water Fund | WPC Fund | Totals |
| Operating revenues | | | |
| Usage sales and fees | \$ 8,500,060 | \$ 14,368,015 | \$ 22,868,075 |
| Total operating revenues | <u>8,500,060</u> | <u>14,368,015</u> | <u>22,868,075</u> |
| Operating expenses | | | |
| Salaries and benefits | 1,922,593 | 4,757,747 | 6,680,340 |
| Repairs and maintenance | 385,225 | - | 385,225 |
| Water purchases | 2,471,714 | 3,364,331 | 5,836,045 |
| Operations | 1,593,297 | 999,727 | 2,593,024 |
| Depreciation and amortization | 654,576 | 1,959,833 | 2,614,409 |
| Total operating expenses | <u>7,027,405</u> | <u>11,081,638</u> | <u>18,109,043</u> |
| Operating income (loss) | <u>1,472,655</u> | <u>3,286,377</u> | <u>4,759,032</u> |
| Non-operating revenues (expenses) | | | |
| Interest expense | (685,630) | (1,721,028) | (2,406,658) |
| Transfers in/(out) | 43,688 | - | 43,688 |
| Total non-operating revenues (expenses) | <u>(641,942)</u> | <u>(1,721,028)</u> | <u>(2,362,970)</u> |
| Change in net position | 830,713 | 1,565,349 | 2,396,062 |
| Net position - beginning | 18,453,169 | 18,359,096 | 36,812,265 |
| Total net position - ending | <u>\$ 19,283,882</u> | <u>\$ 19,924,445</u> | <u>\$ 39,208,327</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2016

| | Enterprise Funds | | Totals |
|--|-------------------------|---------------------|----------------------|
| | Water Fund | WPC Fund | |
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 11,062,975 | \$ 8,042,477 | \$ 19,105,452 |
| Cash payments to suppliers for goods and services | (4,142,725) | (3,991,236) | (8,133,961) |
| Cash payments to employees for services | (1,916,426) | (4,757,747) | (6,674,173) |
| Net cash provided by (used for) operating activities | <u>5,003,824</u> | <u>(706,506)</u> | <u>4,297,318</u> |
| Cash flows from non-capital financing activities | | | |
| Interfund loans | (8,890,278) | 4,976,027 | (3,914,251) |
| financing activities | <u>(8,890,278)</u> | <u>4,976,027</u> | <u>(3,914,251)</u> |
| Cash flows from capital and related financing activities | | | |
| Principal paid on bonds, notes and loans | (327,919) | (2,486,215) | (2,814,134) |
| Interest paid on bonds, notes and loans | (685,630) | (1,721,028) | (2,406,658) |
| Acquisition and construction of capital assets | (11,745,207) | (54,610) | (11,799,817) |
| Net cash provided (used for) capital and related financing activities | <u>(12,758,756)</u> | <u>(4,261,853)</u> | <u>(17,020,609)</u> |
| Net increase (decrease) in cash and cash equivalents | (16,645,210) | 7,668 | (16,637,542) |
| Cash and cash equivalents at beginning of year | <u>23,466,472</u> | <u>4,113,913</u> | <u>27,580,385</u> |
| Cash and cash equivalents at end of year | <u>\$ 6,821,262</u> | <u>\$ 4,121,581</u> | <u>\$ 10,942,843</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2016

| | Enterprise Fndds | | Totals |
|--|-------------------------|---------------------|---------------------|
| | Water Fund | WPC Fndd | |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 1,472,655 | \$ 3,286,377 | \$ 4,759,032 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 654,576 | 1,959,833 | 2,614,409 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in use accounts receivable | 2,905,510 | (3,325,538) | (420,028) |
| (Increase) decrease in inventory | 60,970 | - | 60,970 |
| Increase (decrease) in accounts payable and accrued expenses | 246,541 | 372,822 | 619,363 |
| Increase (decrease) in accrued compensated absences | 6,167 | - | 6,167 |
| Increase (decrease) in deferred revenue | (342,595) | (3,000,000) | (3,342,595) |
| Total adjustments | <u>3,531,169</u> | <u>(3,992,883)</u> | <u>(461,714)</u> |
| Net cash provided by operating activities | <u>\$ 5,003,824</u> | <u>\$ (706,506)</u> | <u>\$ 4,297,318</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Fiduciary Net Position
Fiduciary Funds
October 31, 2016

| | <u>Employee Retirement Plan</u> | <u>OPEB Agency Funds</u> | <u>Agency Funds</u> |
|---|-------------------------------------|------------------------------|---------------------|
| ASSETS | | | |
| Cash | \$ 1,453,102 | \$ - | \$ 36,152 |
| Investments, at fair value: | | | |
| Mutual funds - equity | 68,458,801 | 11,181,267 | - |
| Mutual funds - fixed income | 31,129,250 | - | - |
| IR&M core bond fund | 12,787,551 | - | - |
| Alternative investments | 2,643,930 | - | - |
| Total investments | <u>115,019,532</u> | <u>11,181,267</u> | <u>-</u> |
| Other assets | | | |
| Other receivable | 366 | - | 117,605 |
| Total other assets | <u>366</u> | <u>-</u> | <u>117,605</u> |
| TOTAL ASSETS | <u>116,473,000</u> | <u>11,181,267</u> | <u>153,757</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 192 | - | - |
| Deposits payable to others | - | - | 153,657 |
| Other liabilities | - | - | 100 |
| TOTAL LIABILITIES | <u>192</u> | <u>\$ -</u> | <u>\$ 153,757</u> |
| NET POSITION | | | |
| Held in trust for pension benefits and other purposes | <u>\$ 116,472,808</u> | <u>\$ 11,181,267</u> | <u>\$ -</u> |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended October 31, 2016

| | <u>Employee Retirement Plan</u> | <u>OPEB Trust</u> |
|---|-------------------------------------|-----------------------|
| Additions | | |
| Contributions | | |
| Employer contributions | \$ 6,378,568 | \$ 5,756,452 |
| Plan members contributions | 721,875 | - |
| Total contributions | <u>7,100,443</u> | <u>5,756,452</u> |
| Investment earnings | | |
| Net increase in fair value of investments | 3,759,361 | 225,049 |
| Interest and dividends | 1,020,298 | - |
| Total investment earnings | <u>4,779,659</u> | <u>225,049</u> |
| Total additions | <u>11,880,102</u> | <u>5,981,501</u> |
| Deductions | | |
| Benefits paid | 10,790,495 | - |
| Operating expenses | 402,824 | 1,418,704 |
| Total deductions | <u>11,193,319</u> | <u>1,418,704</u> |
| Change in net position | <u>686,783</u> | <u>4,562,797</u> |
| Net position - beginning | 115,786,025 | 6,618,470 |
| Net position - ending | <u>\$ 116,472,808</u> | <u>\$ 11,181,267</u> |

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

Notes to Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

The effect of inter-fund activity has been eliminated from the government-wide statements.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the City applied the criteria prescribed by GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

- (a) The primary government is legally entitled to or can otherwise access the organization's resources.
- (b) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- (c) The primary government is obligated in some manner for the debt of the organization.

The following entity was considered for classification as a component unit for fiscal year 2016:

* East Providence School Department

Although the East Providence School Department meets certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the City and the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result, the financial data of the East Providence School Department has been included in the Special Revenue Funds within the City's financial statements.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City of East Providence does not have any component units.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

The accounts of the City are organized based on funds, each of which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. Governmental resources are allocated to and accounted for in individual funds to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the City.

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

Governmental Fund Financial Statements

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

Major Governmental Funds:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than debt service or capital projects. Included within the Special Revenue Funds is the School Unrestricted Fund used to account for the budgeted resources devoted to financing the general operations of the School Department

Proprietary Fund Financial Statements:

Proprietary Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include Enterprise Funds. Currently, the City maintains two enterprise funds The Water Pollution Control Fund and the Water Fund.

Major Enterprise Funds:

Water Pollution Control Fund

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

The Water Fund

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

Fiduciary Funds (not included in government-wide statements):

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

Agency Funds

These funds account for assets held by the City in a purely custodial capacity. The reporting entity includes various student groups and fund held in escrow for other parties. Since agency funds are custodial in nature they do not involve the measurement of results of operations

OPEB Trust Fund

This fund accounts for resources held in trust for future other post-employment benefit obligations of the City.

Pension Trust Funds

These funds account for resources held in trust for future pension obligations of the City. The City maintains one pension trust fund, the Police and Fire Pension Trust Fund. The principal revenue sources for this fund are employer and employee contributions.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Non-Major:

Special Revenue Funds: The City of East Providence maintains numerous Special Revenue Funds which have been classified as non-major governmental funds. The details of these funds can be found in the combining fund exhibits located in the supplementary information.

Measurement Focus

On the Government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources management focus as defined in item (b) below and the accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The City considers property taxes as available if they are collected within 60 days after year end. Grant revenue related to expenditure reimbursement grants of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. Substantially all other revenue of the governmental funds is recognized as it is earned and available.
- b. The proprietary funds utilize “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the Government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION AND ACCOUNTING (continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis. Under this modified accrual basis of accounting, revenues such as property taxes, are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, agency funds, private purpose trust funds, police, fire & town and school employees’ pension trust funds, and the OPEB Trust Fund utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset is used.

Amounts reported as program revenues include charges to customers or applicants for services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than 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 in connection with proprietary fund’s principal operation. The principal operating revenue of the enterprise fund are charges for services provided in accordance with the fund’s purpose. Operating expenses for the enterprise funds include the costs of providing the services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as non-operating revenues and expenses.

CASH EQUIVALENTS

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

INVESTMENTS

Investments are recorded at fair value based on quoted marker prices. Unrealized gains and losses from changes in fair value are recognized as investment income.

ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

Property taxes levied on May 12, 2016 and other delinquent balances are recorded as receivables.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

UNBILLED SERVICE RECEIVABLE

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

INVENTORY

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

CAPITAL ASSETS AND DEPRECIATION

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

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

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

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

BOND PREMIUMS AND DEBT ISSUANCE COSTS

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

DEFERRED REVENUE

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED REVENUE (continued)

In the General Fund, deferred revenues relate to uncollected property tax receivables which were assessed as of December 31, 2015, billed in May of 2016, and payable on July 1, 2016 (with provisions for quarterly payments), plus delinquent balances.

PROPERTY TAXES

The City is permitted by state law to levy property taxes. The City's fiscal 2015-2016 property taxes were levied in May of 2016 based on an assessed valuation as of December 31, 2015. Taxes were due July 1, 2016 or may be paid quarterly, without penalty, at the taxpayer's option. Failure to submit payments by due dates will result in a lien on taxpayer's property.

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

Property tax revenue is recognized in accordance with Section P70 "Property Taxes" of the Codification of Governmental Accounting and Reporting Standards which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no later than 60 days after the close of the current period. Property taxes levied in May of 2016 for the current year and other delinquent balances are recorded as receivables.

COMPENSATED ABSENCES

Under the terms of various contracts and agreements, city employees are granted vacation and sick leave in varying amounts based on length of service. They are allowed to accumulate the vacation and sick leave in accordance with the limits of the contracts. This time will be paid upon separation from city service.

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

ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

PENSIONS

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until that later date. At October 31, 2016, deferred outflows of resources relate to pension plan contributions made subsequent to the actuarial valuation date and amounted to \$49,202,552.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At October 31, 2016, deferred inflows of resources are amounts to be amortized as part of expense in future years. Deferred inflows of resources totaled \$64,374,956.

RECENT ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended October 31, 2016, the City adopted the provisions of Statement No. 68 of the Governmental Accounting Standards Board, Accounting and Financial Reporting for Pensions (GASB 68). GASB 68 requires the liability of employers to employees for defined pension liability (net pension liability) to be measured and reported as the portion of the present value of projected benefits payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. In addition, GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and inflows of resources, and the associated adjustment to expenses.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT ACCOUNTING PRONOUNCEMENTS (continued)

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

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

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

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of East Providence's various pension plans (described in greater detail in Note 16) and additions to/deductions from the pension plans net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
 October 31, 2016

NOTE 2 - INFORMATION ABOUT CAPITAL ASSETS (continued)

Capital asset activity for Governmental Activities for the fiscal year ended October 31, 2016 was as follows:

| | Primary Government | | | Ending Balance |
|--|------------------------------|-----------------------|-------------------|---------------------------|
| | Beginning Balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,076,963 | \$ - | \$ - | \$ 4,076,963 |
| Construction in Progress | 182,337 | 914,461 | 104,062 | 992,736 |
| Total capital assets not being depreciated | <u>4,259,300</u> | <u>914,461</u> | <u>104,062</u> | <u>5,069,699</u> |
| Other capital assets: | | | | |
| Land improvements | 3,757,474 | 55,036 | - | 3,812,510 |
| Buildings & construction | 95,540,264 | 272,214 | - | 95,812,478 |
| Infrastructure | 48,576,566 | 888,795 | - | 49,465,361 |
| Machinery & equipment | 14,578,212 | 894,262 | - | 15,472,474 |
| Vehicles | 16,344,252 | 981,156 | - | 17,325,408 |
| Total other capital assets at historical cost | <u>178,796,768</u> | <u>3,091,463</u> | <u>-</u> | <u>181,888,231</u> |
| Total assets | <u>183,056,068</u> | <u>4,005,924</u> | <u>104,062</u> | <u>186,957,930</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 3,078,329 | 65,647 | - | 3,143,976 |
| Buildings & construction | 33,451,101 | 2,885,184 | - | 36,336,285 |
| Infrastructure | 33,727,147 | 737,781 | - | 34,464,928 |
| Machinery & equipment | 9,143,636 | 858,457 | - | 10,002,093 |
| Vehicles | 14,142,075 | 532,652 | - | 14,674,727 |
| Total accumulated depreciation | <u>93,542,288</u> | <u>5,079,721</u> | <u>-</u> | <u>98,622,009</u> |
| Governmental activities capital assets, net | <u>\$ 89,513,780</u> | <u>\$ (1,073,797)</u> | <u>\$ 104,062</u> | <u>\$ 88,335,921</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| Legislative, judicial and general administrative | \$ 178,724 |
| Public safety | 1,392,231 |
| Public works | 902,633 |
| Public libraries | 109,894 |
| Parks and recreation | 250,479 |
| Education | 2,245,760 |
| Total governmental activities depreciation expense | <u>\$ 5,079,721</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2016

Capital asset activity for Business-Type Activities for the fiscal year ended October 31, 2016 was as follows:

| | Primary Government | | | Ending Balance |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| | Beginning Balance | Increases | Decreases | |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,328,334 | \$ - | \$ - | \$ 3,328,334 |
| Construction in progress | 2,148,063 | 11,581,832 | - | 13,729,895 |
| Total capital assets not being depreciated | <u>5,476,397</u> | <u>11,581,832</u> | <u>-</u> | <u>17,058,229</u> |
| Other capital assets: | | | | |
| Land improvements | 208,215 | - | - | 208,215 |
| Infrastructure | 100,110,961 | - | - | 100,110,961 |
| Buildings, pump stations & tanks | 25,351,144 | 16,422 | - | 25,367,566 |
| Machinery & equipment | 6,001,013 | 76,105 | - | 6,077,118 |
| Vehicles | 1,710,484 | 125,458 | - | 1,835,942 |
| Total other capital assets at historical cost | <u>133,381,817</u> | <u>217,985</u> | <u>-</u> | <u>133,599,802</u> |
| Total assets | <u>138,858,214</u> | <u>11,799,817</u> | <u>-</u> | <u>150,658,031</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 192,763 | 4,190 | - | 196,953 |
| Infrastructure | 28,548,675 | 3,587,549 | - | 32,136,224 |
| Buildings, pump stations & tanks | 17,481,434 | 402,643 | 1,574,590 | 16,309,487 |
| Machinery & equipment | 3,838,630 | 144,355 | - | 3,982,985 |
| Vehicles | 1,609,317 | 50,263 | - | 1,659,580 |
| Total accumulated depreciation | <u>51,670,819</u> | <u>4,189,000</u> | <u>1,574,590</u> | <u>54,285,229</u> |
| Business-type activities capital assets, net | <u>\$ 87,187,395</u> | <u>\$ 7,610,817</u> | <u>\$ (1,574,590)</u> | <u>\$ 96,372,802</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

LEGAL DEBT MARGIN - The City's legal debt margin as set forth by state statute is limited to three percent of total taxable assessed value, which is approximately \$120,157,716. As of October 31, 2016, the City's debt subject to legal debt margin is \$13,165,000 and the City is under the debt limit by \$106,992,716.

NOTE 4 - CASH AND INVESTMENTS

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

CUSTODIAL CREDIT RISK - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments. The City does not have a formal deposit policy for custodial credit risk, but is governed by state laws as described below. As of October 31, 2016, the City's bank balance of \$175,156,961 was exposed to custodial credit risk as follows:

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At October 31, 2016 the City's uninsured or uncollateralized deposits with an institution was \$173,602,556.

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

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

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

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

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

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

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

| Type of Investment | Fair Value of Investment Maturities (in Years) | |
|---------------------------|---|----------------------|
| | 6-10 Years | Over 10 Years |
| IR&M Core Bond Fund | <u>\$12,787,551</u> | - |
| Total | \$12,787,551 | - |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

Cash and investments of the City consist of the following at October 31, 2016:

Cash and Cash Equivalents

| | | |
|--------------------------------------|----|------------|
| Deposits with financial institutions | \$ | 60,785,405 |
|--------------------------------------|----|------------|

Investments

Employee Retirement Plan:

| | | |
|---------------------------------------|--|-------------|
| Mutual funds - equity | | 68,458,801 |
| Mutual funds - fixed income | | 31,129,250 |
| IR&M core bond fund | | 12,787,551 |
| Alternative investments | | 2,643,930 |
| Total Employee Retirement Plan | | 115,019,532 |

OPEB Agency Funds:

| | | |
|--------------------------------|--|------------|
| Mutual funds - equity | | 11,181,267 |
| Total OPEB Agency Funds | | 11,181,267 |

Enterprise Funds:

| | | |
|-----------------------------------|----|-------------|
| Federated Government Obligations | | 5,594,556 |
| Total Enterprise Funds | | 5,594,556 |
| Total Cash and Investments | \$ | 192,580,760 |

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

| | | |
|---------------------------|----|------------|
| Cash and cash equivalents | \$ | 59,296,151 |
| Investments | | 5,594,556 |

Fiduciary Funds

| | | |
|-----------------------------------|----|-------------|
| Cash and cash equivalents | | 1,489,254 |
| Investments | | 126,200,799 |
| Total Cash and Investments | \$ | 192,580,760 |

Credit Risk

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

The City's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated as follows at October 31, 2016:

| Average Rating | Bond Fund | Fixed Income Mutual Funds |
|----------------|---------------|------------------------------|
| AAA | \$ 9,168,675 | \$ - |
| AA | 613,802 | - |
| A | 1,470,568 | - |
| BBB | 1,534,506 | - |
| | \$ 12,787,551 | \$ - |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

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

Interest Rate Risk

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

Custodial Credit Risk

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

Except for investments in mutual funds, money market funds, the RI Interlocal Trust investment pool, hedge fund of funds and the private equity limited partnership, all of the City's investments were subject to custodial credit risk at October 31, 2016, as the investments are uninsured and held by the counterparty or the counterparty's trust department, but not in the City's name. Investments in mutual funds, money market funds, the RI Interlocal Trust investment pool, hedge fund of funds and the private equity limited partnership are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

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

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

Foreign Currency Risk

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

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

Long-term liability activity for the fiscal year ended October 31, 2016 was as follows:

| | Balance November 1, 2015 | Additions | Retirements | Balance October 31, 2016 | Amounts Due Within One Year |
|---|-----------------------------|---------------------|----------------------|-----------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds payable | \$ 13,829,300 | \$ - | \$ 1,716,500 | \$ 12,112,800 | \$ 1,716,500 |
| Loans payable | 2,079,509 | - | 175,000 | 1,904,509 | 175,000 |
| Capital leases payable | 24,285,000 | - | 1,640,000 | 22,645,000 | 1,685,000 |
| Total bonds notes & leases payable | <u>40,193,809</u> | <u>-</u> | <u>3,531,500</u> | <u>36,662,309</u> | <u>3,576,500</u> |
| Other liabilities: | | | | | |
| Amortized premium on bonds | 63,782 | - | - | 63,782 | 4,252 |
| Accrued compensated absences | 3,381,715 | 1,614,906 | - | 4,996,621 | - |
| Net pension obligation | 237,863,784 | - | 36,328,943 | 201,534,841 | - |
| Net OPEB obligation | 6,094,719 | 5,846,290 | - | 11,941,009 | - |
| Settlements payable | 98,619 | - | - | 98,619 | 49,300 |
| Total other liabilities | <u>247,502,619</u> | <u>7,461,196</u> | <u>36,328,943</u> | <u>218,634,872</u> | <u>53,552</u> |
| Governmental Activities long-term liabilities: | <u>\$ 287,696,428</u> | <u>\$ 7,461,196</u> | <u>\$ 39,860,443</u> | <u>\$ 255,297,181</u> | <u>\$ 3,630,052</u> |
| Business-Type Activities | | | | | |
| WPC Department bonds payable | \$ 1,250,700 | \$ - | \$ 198,500 | \$ 1,052,200 | \$ - |
| Water Department loans payable | 24,238,171 | - | 328,000 | 23,910,171 | 1,079,000 |
| WPC Department loans payable | 49,382,419 | - | 2,287,634 | 47,094,785 | 2,346,000 |
| Total bonds & loans payable | <u>74,871,290</u> | <u>-</u> | <u>2,814,134</u> | <u>72,057,156</u> | <u>3,425,000</u> |
| Other liabilities: | | | | | |
| Accrued compensated absences | 78,156 | 6,166 | - | 84,322 | - |
| Total other liabilities | <u>78,156</u> | <u>6,166</u> | <u>-</u> | <u>84,322</u> | <u>-</u> |
| Business-Type Activities long-term liability: | <u>\$ 74,949,446</u> | <u>\$ 6,166</u> | <u>\$ 2,814,134</u> | <u>\$ 72,141,478</u> | <u>\$ 3,425,000</u> |

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

| | Interest Rates | Principal | Due Dates |
|--------------------------------|----------------|-----------------------|-----------|
| Governmental bonds | 2.25-6.5% | \$ 12,112,800 | 2017-2024 |
| Governmental loans payable | 0-5.69% | 1,904,509 | 2017-2041 |
| Governmental leases payable | 3.1-17.74% | 22,645,000 | 2017-2032 |
| Enterprise funds bonds payable | 3.75-5.0% | 1,052,200 | 2017-2024 |
| Enterprise funds notes payable | 0% - 1.645% | 71,004,956 | 2017-2032 |
| Total All Funds | | <u>\$ 108,719,465</u> | |

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

| Fiscal Year Ended <u>October 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| 2017 | 3,578,500 | 1,388,509 | 4,967,009 |
| 2018 | 3,558,500 | 1,228,147 | 4,786,647 |
| 2019 | 3,621,500 | 1,067,606 | 4,689,106 |
| 2020 | 3,339,300 | 920,075 | 4,259,375 |
| 2021 | 3,343,000 | 766,856 | 4,109,856 |
| 2022-2032 | 19,067,000 | 7,766,387 | 26,833,387 |
| 2041 | 110,500 | - | 110,500 |
| RIHMFC due upon sale of property | 44,009 | - | 44,009 |
| TOTALS | <u>\$ 36,662,309</u> | <u>\$ 13,137,579</u> | <u>\$ 49,799,888</u> |

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

| Fiscal Year Ended <u>October 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| 2017 | 3,547,870 | 2,414,046 | 5,961,916 |
| 2018 | 3,632,454 | 2,327,485 | 5,959,939 |
| 2019 | 3,721,889 | 2,221,556 | 5,943,445 |
| 2020 | 3,753,221 | 2,108,224 | 5,861,445 |
| 2021 | 3,804,653 | 1,991,030 | 5,795,683 |
| Thereafter | 53,597,071 | 12,896,004 | 66,493,075 |
| TOTALS | <u>\$ 72,057,156</u> | <u>\$ 23,958,346</u> | <u>\$ 96,015,502</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

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

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

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

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

The net loans payable have been recorded by the City as of October 31, 2016.

All RI Infrastructure Bank loans are used for approved water or water pollution control projects. The RI Infrastructure Bank pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. Loan proceeds not drawdown as of October 31, 2016 are reflected as due from the State in the preceding financial statements. The City is responsible to drawdown the full loan amount and to repay the loan amount less any applicable principal forgiveness. RI Infrastructure Bank Loans in the Business-Type Activities are revenue loans. The revenue loans are secured by the revenues derived from the operation of the City’s water and water pollution control systems.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 6 - SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2016:

| | <u>Outstanding 11/1/2015</u> | <u>New Issues</u> | <u>Maturities During Year</u> | <u>Outstanding 10/31/2016</u> |
|---------------------------------|----------------------------------|-----------------------------|---------------------------------------|-----------------------------------|
| Governmental Activities | | | | |
| Tax anticipation note | \$ - | \$ 12,500,000 | \$ 12,500,000 | \$ - |
| Tax anticipation note | - | 12,500,000 | 12,500,000 | - |
| Total Short Term Debt | <u>\$ -</u> | <u>\$ 25,000,000</u> | <u>\$ 25,000,000</u> | <u>\$ -</u> |
| Business-Type Activities | | | | |
| Revenue anticipation note | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - |
| Total Short Term Debt | <u>\$ 3,000,000</u> | <u>\$ -</u> | <u>\$ 3,000,000</u> | <u>\$ -</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

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

"Total fund balances" of \$42,175,650 in the City's governmental funds differs from "net position" of (\$104,032,565) in governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

| Balance Sheet/Statement of Net Assets | | | | |
|--|--------------------------------|---|--|-------------------------------------|
| | Total Governmental Funds | Long-term Assets/ Liabilities (1) | Reclassifications and Eliminations (2) | Statement Net Position Totals |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 54,805,059 | \$ - | \$ - | \$ 54,805,059 |
| Investments | - | - | - | - |
| Accounts receivable: | | | | |
| Real estate and personal property taxes (net) | 28,509,011 | - | - | 28,509,011 |
| Due from other governments | 1,694,616 | - | - | 1,694,616 |
| Other receivables | 2,944,983 | - | - | 2,944,983 |
| Internal balances | 29,125,092 | - | (27,904,297) | 1,220,795 |
| Inventory | - | - | - | - |
| Prepaid expenditures | 970,336 | - | - | 970,336 |
| Other assets | 20,000 | - | - | 20,000 |
| Net OPEB asset | - | 124,470 | - | 124,470 |
| Net pension asset | - | 7,985,342 | - | 7,985,342 |
| Property, plant and equipment - net | - | 83,266,222 | - | 83,266,222 |
| Assets not being depreciated-CIP | - | 992,736 | - | 992,736 |
| Assets not being depreciated-land | - | 4,076,963 | - | 4,076,963 |
| TOTAL ASSETS | <u>\$ 118,069,097</u> | <u>\$ 96,445,733</u> | <u>\$ (27,904,297)</u> | <u>\$ 186,610,533</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Amounts related to pensions | \$ - | \$ 49,202,552 | \$ - | \$ 49,202,552 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | | | | |
| LIABILITIES | | | | |
| Cash overdraft | \$ 857,195 | \$ - | \$ - | \$ 857,195 |
| Accounts payable and accrued expenditures | 11,889,408 | 693,374 | - | 12,582,782 |
| Internal balances | 27,904,297 | - | (27,904,297) | - |
| Other | 6,723,536 | - | - | 6,723,536 |
| Other liabilities | 10,000 | - | - | 10,000 |
| Long-term liabilities | | | | |
| Due within one year | - | 3,630,052 | - | 3,630,052 |
| Due in more than one year | - | 251,667,129 | - | 251,667,129 |
| TOTAL LIABILITIES | <u>47,384,436</u> | <u>255,990,555</u> | <u>(27,904,297)</u> | <u>275,470,694</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Real estate and personal property taxes (net) | 28,509,011 | (28,509,011) | - | - |
| Amounts related to pensions | - | 64,374,956 | - | 64,374,956 |
| | <u>28,509,011</u> | <u>35,865,945</u> | <u>-</u> | <u>64,374,956</u> |
| FUND BALANCES | | | | |
| Total fund balances/net position | 42,175,650 | (146,208,215) | - | (104,032,565) |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES | <u>\$ 118,069,097</u> | <u>\$ 145,648,285</u> | <u>\$ (27,904,297)</u> | <u>\$ 235,813,085</u> |

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

| | |
|--------------------------|----------------------|
| Cost of capital assets | \$ 186,957,930 |
| Accumulated depreciation | (98,622,009) |
| | <u>\$ 88,335,921</u> |

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

| | |
|--------------------------------|----------------------|
| Adjustment of deferred revenue | \$ 28,509,011 |
| Net OPEB asset | 124,470 |
| Accrued interest | (693,374) |
| Net pension asset | 7,985,342 |
| | <u>\$ 35,925,449</u> |

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

| | |
|------------------------------|-------------------------|
| Bonds payable | \$ (12,112,800) |
| Loans payable | (1,904,509) |
| Capital leases payable | (22,645,000) |
| Bond premium | (63,782) |
| Accrued compensated absences | (4,996,621) |
| Net OPEB obligation | (11,941,009) |
| Net pension obligation | (201,534,841) |
| Settlements payable | (98,619) |
| | <u>\$ (255,297,181)</u> |

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

| | |
|-------------------------------|------------------------|
| Deferred inflows of resources | <u>\$ (64,374,956)</u> |
|-------------------------------|------------------------|

5) Deferred amounts related to pension plan contributions made subsequent to the actuarial valuation date are reported on the Statement of Net Position, but not as fund financial statements.

| | |
|--------------------------------|----------------------|
| Deferred outflows of resources | <u>\$ 49,202,552</u> |
|--------------------------------|----------------------|

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2016

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

The "net change in the fund balances" of \$704,904 for governmental funds differs from the "change in net position" of (\$2,300,783) for governmental activities reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 45.

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

| | Total Governmental Funds | Long-term Revenues/ Expenses (1) | Capital- related Items (2) | Long-term Debt Transactions (3) | Statement of Activities Totals |
|---|---|---|---|--|---|
| Revenues | | | | | |
| General property tax | \$ 102,383,748 | \$ 273,871 | \$ - | \$ - | \$ 102,657,619 |
| Federal and state aid and grants | 49,950,289 | - | - | - | 49,950,289 |
| Charges for services | 4,846,290 | - | - | - | 4,846,290 |
| Fines and penalties | 1,875,168 | - | - | - | 1,875,168 |
| Investment and interest income | 909,070 | - | - | - | 909,070 |
| Contributions and private grants | 239,561 | - | - | - | 239,561 |
| Other revenue | 174,327 | - | - | - | 174,327 |
| State on behalf contribution | 3,200,000 | - | - | - | 3,200,000 |
| Total revenues | 163,578,453 | 273,871 | - | - | 163,852,324 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 8,052,669 | 5,896 | 78,724 | 5,627,303 | 13,764,592 |
| Public safety | 34,983,181 | - | 592,231 | - | 35,575,412 |
| Public works | 9,433,111 | - | (1,214,229) | - | 8,218,882 |
| Sanitation | 928,589 | - | - | - | 928,589 |
| Parks and recreation | 2,603,651 | - | (34,521) | - | 2,569,130 |
| Public libraries | 2,141,016 | - | 109,894 | - | 2,250,910 |
| Education | 88,413,725 | - | 1,645,760 | - | 90,059,485 |
| Miscellaneous | 11,501,735 | - | - | - | 11,501,735 |
| Long-term obligations: | | | | | |
| Debt service | 4,772,184 | - | - | (3,531,500) | 1,240,684 |
| Total expenditures | 162,829,861 | 5,896 | 1,177,859 | 2,095,803 | 166,109,419 |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 44,236,966 | - | - | - | 44,236,966 |
| Transfers to other funds | (44,280,654) | - | - | - | (44,280,654) |
| Total other financing sources (uses) | (43,688) | - | - | - | (43,688) |
| Net change for the year | \$ 704,904 | \$ 267,975 | \$ (1,177,859) | \$ (2,095,803) | \$ (2,300,783) |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2016

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

| | |
|-------------------------------|-------------------|
| Deferred revenue property tax | \$ 273,871 |
| | <u>\$ 273,871</u> |

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

| | |
|------------------------------|-------------------|
| Accrued interest | \$ (5,896) |
| Total expenditure adjustment | <u>\$ (5,896)</u> |

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

| | |
|----------------------|-----------------------|
| Capital outlay | \$ 3,901,862 |
| Depreciation expense | (5,079,721) |
| Difference | <u>\$ (1,177,859)</u> |

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

| | |
|-----------------------------------|---------------------|
| Principal payments made on bonds | \$ 1,716,500 |
| Principal payments made on loans | 175,000 |
| Principal payments made on leases | 1,640,000 |
| Amortization of bond premium | - |
| Issuance of debt | - |
| | <u>\$ 3,531,500</u> |

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

| | |
|--|-----------------------|
| Net decrease in compensated absences | (1,614,906) |
| Net increase in net OPEB asset | (1,518,110) |
| Net decrease in the OPEB obligation | (5,846,290) |
| Net increase in the net pension obligation | - |
| Net increase in the net pension liability | \$ 36,328,943 |
| Net decrease in settlements payable | - |
| Net decrease in net pension asset | 622,538 |
| Net increase in deferred outflows | 21,270,432 |
| Net decrease in deferred inflows | (54,869,910) |
| Change | <u>\$ (5,627,303)</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 9 - INTERFUND BALANCES

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

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

| | <u>Due from other funds</u> | | <u>Due to other funds</u> |
|---|-----------------------------|----------------------|---------------------------|
| General Fund | \$ 4,815,883 | | \$ 20,826,022 |
| Special Revenue Funds: | | | |
| School Unrestricted | 18,987,580 | | 1,482,793 |
| Other Non-Major Governmental Funds : | | | |
| School Restricted | \$ 795,943 | | \$ 4,709,763 |
| Summer School Remedial | - | | 17,090 |
| Virtual Learning Programs | - | | 1,645 |
| Adult Vocational Training | - | | 2,030 |
| NOCTI Testing Fees | 745 | | - |
| City Permanent | 40,810 | | 49,050 |
| City Restricted | 1,484,605 | | 815,904 |
| Capital Projects: | <u>2,999,526</u> | 5,321,629 | <u>-</u> |
| | | | 5,595,482 |
| Proprietary Funds | | | |
| Water | - | | 897,475 |
| Sewer | <u>1,106,251</u> | <u>1,106,251</u> | <u>1,429,571</u> |
| | | <u>\$ 30,231,343</u> | <u>2,327,046</u> |
| | | | <u>\$ 30,231,343</u> |

NOTE 10 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that the budget requires to collect them, to the funds that the budget requires to expend them. For example, the \$42,426,217 is the School's appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

| <u>Fund / Department</u> | <u>Transfers from other funds</u> | <u>Transfers to other funds</u> |
|------------------------------|---------------------------------------|-------------------------------------|
| General Fund | \$ 233,157 | \$44,047,497 |
| Special Revenue (School) | 44,003,809 | - |
| Special Revenue Funds (City) | - | 230,150 |
| Capital Project Funds | - | 3,007 |
| Enterprise Funds | 43,688 | - |
| Totals | <u>\$ 44,280,654</u> | <u>\$44,280,654</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 11 - NET POSITION/FUND BALANCES

(a) Net Position

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

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

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

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

(b) Fund Balances

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

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

At October 31, 2016, Non-spendable Fund Balance consisted of the following:

Major Governmental Funds

General Fund:

| | |
|----------------------|------------|
| Prepaid expenditures | \$ 611,222 |
|----------------------|------------|

School Special Revenue Unrestricted Fund:

| | |
|----------------------|------------|
| Prepaid expenditures | \$ 359,114 |
|----------------------|------------|

| | |
|--------------------------------|------------|
| Total major governmental funds | \$ 970,336 |
|--------------------------------|------------|

Non-major Governmental Funds

Permanent Funds:

| | |
|-------------------------|-----------|
| Cemetery perpetual care | \$ 46,164 |
|-------------------------|-----------|

| | |
|------------------------------------|-----------|
| Total non-major governmental funds | \$ 46,164 |
|------------------------------------|-----------|

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

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

At October 31, 2016, Restricted Fund Balance consisted of the following:

Special Revenue Funds:

| | |
|---|----------|
| Byrne/JAG | \$ 8,179 |
| Substance abuse programs | 13,374 |
| Waterfront storm study | 139,342 |
| Hazmat Reimbursement | 4,842 |
| Project Dare | 9,763 |
| Forfeited drug seizure - state | 8,903 |
| DOJ Equitable Sharing | 779,576 |
| Forfeited Drug - Federal | 2,912 |
| Emergency Management Program | 88,476 |
| Historical Record Preservation | 315,204 |
| Senior Center Donations | 22,664 |
| Champlin Weaver Fund | 10,089 |
| Crescent Park Carousel | 98,822 |
| Library Donation Fund | 133,965 |
| Friends of Ancient Little Neck Cemetery | 713 |
| Fire Decon Grant | 25,185 |
| Beautification committee | 906 |
| Community Development Activities | 145,524 |
| IDEA Part B | 9,171 |
| Title 1 1003 (A) Year 2 | 6,641 |
| Title II | 13,429 |
| Title III | 150 |
| Perkins | 5,675 |
| Vocational Training for Adults | 18,141 |
| Enhanced Assessment Instruments | 254 |
| RI State Council on the Arts | 727 |
| CTE Categorical Fund Year 1 | 228,233 |
| PSF Hennessey | 109 |
| Champlin Music/Media Lab | 901 |
| Feinstein | 14,717 |
| Feinstein Hennessey | 91,588 |
| United Way | 1,590 |
| RI Foundation | 278 |
| Walmart | 18 |
| Verizon | 10,280 |
| Donations & Gifts | 5,036 |
| EPHS | 400 |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

| | |
|-------------------------------|---------------------|
| RI Parent Information Network | 1,181 |
| RITIE | 1,624 |
| Sports Middle School | 11,467 |
| High School Band | 1,028 |
| School Lunch Fund | 142,704 |
| Adult Vocational Training | 9,585 |
| Virtual Learning Programs | 17,873 |
| NOCTI Testing Fees | 1,534 |
| | <u>\$ 2,402,773</u> |

Capital Project Funds

| | |
|------------------------------------|---------------------|
| Capital improvements | \$ 3,908,112 |
| Total non-major governmental funds | <u>\$ 6,310,885</u> |

Committed Fund Balance — This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority.

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

At October 31, 2016, Assigned Fund Balance consisted of the following:

Major Governmental Funds

General Fund:

| | |
|-----------------------------------|----------------------|
| Carryover unexpended amounts | \$ 1,858,312 |
| SYNC bond | 11,179,557 |
| Fiscal year 2016 re-appropriation | 1,448,967 |
| | <u>\$ 14,486,836</u> |
| Total major governmental funds | <u>\$ 14,486,836</u> |

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND

Notes to Financial Statements

October 31, 2016

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

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

(c) Fund Deficits

The following funds had fund deficits at October 31, 2016:

Non-major Governmental Funds

Summer school remedial 38,566

Special revenue restricted funds:

| | |
|-----------------------------------|------------|
| Hunts Mill/Tranquility | \$ 167,183 |
| RIDEM Central Ave Park | 189,333 |
| RIDEM Sabin Point Storm Water | 7,101 |
| Harbor Master | 29,000 |
| Title 1 1003 (A) Year 1 | 67 |
| Fresh Fruits and Vegetables | 297 |
| EPHS Gym | 1,130 |
| Legislative Middle School Sports | 60 |
| Legislative Technology Francis | 864 |
| Common Core State Standards | 5,603 |
| CTE Categorical Fund Year 2 | 54,682 |
| CTE Categorical IT Program Year 1 | 50,000 |
| Perkins Odd Year | 3,606 |
| Pre-K Grant | 442,242 |
| | <hr/> |
| | \$ 951,168 |

Total non-major governmental funds

\$ 989,734

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

(d) Operating Deficits

The following individual fund balances had operating deficits for the year ending October 31, 2016, but still maintained positive fund balances:

Non-major Governmental Funds

| | | |
|------------------------------------|----|--------------|
| School Lunch Fund | \$ | 1,407 |
| Special Revenue Funds: | | |
| Byrne/JAG 2009 Formula | \$ | 554 |
| Substance Abuse Grants | | 7,173 |
| Forfeited Drug - Federal | | 19,290 |
| Historical Records Preservation | | 82,957 |
| Beautification Committee | | 209 |
| CTE Categorical Fund – Year 1 | | 210,697 |
| Champlin Music/Media Lab | | 6,207 |
| United Way | | 146 |
| Donations & Gifts | | 1,045 |
| High School Band | | 4,447 |
| | | \$ 332,350 |
| Capital Project Funds: | | |
| 2007 public works BAN | \$ | 964,054 |
| Permanent Fund: | | |
| Little Neck Cemetery | \$ | 4,170 |
| Total non-major governmental funds | | \$ 1,302,356 |

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of East Providence administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 17. The plan provides medical, dental, and life insurance for eligible retirees and their dependents through the City's group health and life insurance plans, which cover both active and retired members. Benefit provisions are established and may be amended by the union contracts through negotiations between the City and the respective unions. The plan does not issue a publicly available financial report. However, the City does prepare a complete valuation report on a bi-annual basis. The most recent valuation was completed in 2016.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

- Firefighters hired before January 1, 2014 and police officers hired before November 1, 2014 are eligible at the earlier of age 60 with 10 years of service or 20 years of service (no age requirement).
- Teachers and Principals with 10 or more years of service as of June 30, 2005 (Schedule A) - retirees with at least 10 years of creditable service are eligible at age 60; retirees with at least 28 years of creditable service are eligible at any age.
- Teachers and Principals with less than 10 years of service as of June 30, 2005 (Schedule B) - retirees with at least 10 years creditable service are eligible at age 65; retirees with at least 29 years of creditable service are eligible at age 59.
- General City and School members who are eligible for retirement on or before July 1, 2012 qualify with at least 10 years of service are eligible at age 58; retirees with at least 30 years of service are eligible at any age.
- General City and School members who are eligible for retirement after July 1, 2012 may retire with at least five years of creditable service on June 30, 2012 at age 65; at least 5 years of creditable service on June 30, 2015 at an individually determined age, which is the result of an interpolation of the member's prior retirement date (date applicable for those retiring by July 1, 2012) and the retirement age applicable to members hired after June 30, 2016; with 10 years of creditable service on June 30, 2012 at their prior retirement date if they continued to work and contribute until that date.
- All General City and School members who are within five years of reaching their retirement eligibility date may retire at any time if they have at least 20 years of service.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

- Effective July 1, 2015, all members are eligible to retire upon attainment of age 65 with 30 years of service; age 64 with 31 years of service; age 63 with 32 years of service; age 62 with at least 33 years of service. These are additional eligibility requirements. If employees are eligible to retire under the current eligibility requirements, they may do so.
- Disability - employees on service-related disability are eligible at any age; employees on non-service related disability are eligible with 10 years of service for police and fire, 5 years of service for teachers and from date of hire for general employees.

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

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

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

Funding Policy

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

Funded Status and Funding Progress

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

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

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

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

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (Continued)

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The City and School Department participate in a number of federally assisted programs. The audits of these programs through the year ended October 31, 2016 were performed in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in the Single Audit Section. The amount, if any, of expenditures, which may be disallowed, will not be material to the financial position of the City.

NOTE 14 - RISK MANAGEMENT

The City of East Providence is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement, which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the City is insured for various amounts depending on the type of coverage provided. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. The City self-insures for workers' compensation claims and uses Beacon Mutual as its third-party administrator.

NOTE 15 - COMMITMENTS

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

NOTE 16 - PENSION PLANS

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

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

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

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

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

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

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 2016, East Providence teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the East Providence School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the East Providence School Department; the rates were 9.19% and 13.73% of annual covered payroll for the fiscal year ended June 30, 2016 for the state and East Providence School Department, respectively. The East Providence School Department contributed \$4,391,865, \$4,495,710 and \$3,997,487 for the fiscal years ended October 31, 2016, 2015, and 2014 respectively, equal to 100% of the required contributions for each year.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

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

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

At October 31, 2016, the East Providence School Department reported a liability of \$61,441,400 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the East Providence School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the East Providence School Department were as follows:

| | |
|--|---------------------|
| East Providence School Department proportionate share of the net pension liability | \$61,441,400 |
| State's proportionate share of the net pension liability associated with the East Providence School Department | <u>\$42,078,337</u> |
| Total net pension liability | \$103,519,737 |

The net pension liability was measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016. The East Providence School Department proportion of the net pension liability was based on a projection of the East Providence School Department long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2016 the East Providence School Department proportion was 2.05%.

For the year ended October 31, 2016, the East Providence School Department recognized gross pension expense of \$5,659,797 and revenue of \$3,522,229 for support provided by the State. At June 30, 2016 the East Providence School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

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

| | | |
|---|--|---------------------|
| <i>Deferred outflows of resources</i> | | |
| Contributions subsequent to the measurement date | | \$ 915,221 |
| Net difference between projected and actual earnings on pension plan investments | | 6,952,702 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 3,020,523 |
| <i>Deferred inflows of resources</i> | | |
| Difference between expected and actual experience | | \$ (1,212,273) |
| Changes in assumptions | | (1,272,726) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | - |
| Net difference between projected and actual earnings on pension plan investments | | (2,158,100) |
| Total | | \$ 6,245,347 |

\$915,221 reported as deferred outflows of resources related to pensions resulting from the East Providence School Department contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended October 31, 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:

| | |
|----------------------------|----------------------------|
| Year ended June 30: | |
| 2017 | \$ 915,443 |
| 2018 | 915,443 |
| 2019 | 1,994,493 |
| 2020 | 1,195,898 |
| 2021 | 56,669 |
| thereafter | <u>252,180</u> |
| Total | <u>\$ 5,330,126</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

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

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

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

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

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

| 1.00% Decrease (6.5%) | Current Discount Rate (7.5%) | 1.00 Increase (8.5%) |
|--------------------------|---------------------------------|-------------------------|
| \$75,874,752 | \$61,441,400 | \$49,625,536 |

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

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

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

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

General Information about the Pension Plan

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

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

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

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

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

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

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.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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.

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.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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.

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).

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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

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

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

Employees covered by benefit terms

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

| | |
|------------------------------|-------------------|
| Retirees and Beneficiaries | 380 |
| Inactive, Nonretired Members | 130 |
| Active Members | <u>372</u> |
| Total | <u>882</u> |

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 8.25%. Public safety employees are required to contribute 10% of their salaries. The City of East Providence contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The City contributed \$4,382,613 in the year ended October 31, 2016 which was 25.33% of annual covered payroll.

Net Pension Liability - The total pension liability was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

| Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2015 valuation rolled forward to June 30, 2016) | |
|---|---|
| Actuarial Cost Method | Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used. |
| Amortization Method | Level Percent of Payroll – Closed |
| Remaining Amortization Period | 20 Years |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.50% |
| Projected Salary Increases | General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00% |
| Inflation | 2.75% |
| Mortality | <ul style="list-style-type: none"> • Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. • Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000. |
| Cost of Living Adjustments | A 2% COLA is assumed after January 1, 2014. |

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 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, 2014.

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, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

| Changes in the Net Pension Liability (Asset) | | | |
|---|-------------------------|-----------------------------|-----------------------|
| | Increase (Decrease) | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances as of June 30, 2015 | \$ 104,955,505 | \$ 61,135,483 | \$ 43,820,022 |
| Changes for the Year | | | |
| Service cost | 1,569,286 | - | 1,569,286 |
| Interest on the total pension liability | 7,655,003 | - | 7,655,003 |
| Changes in benefits | - | - | - |
| Difference between expected and actual experience | (2,768,415) | - | (2,768,415) |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 4,382,613 | (4,382,613) |
| Employee contributions | - | 545,479 | (545,479) |
| Net investment income | - | 32,571 | (32,571) |
| Benefit payments, including employee refunds | (7,346,876) | (7,346,876) | - |
| Administrative expense | - | (107,691) | 107,691 |
| Other changes | - | 7,412 | (7,412) |
| Net changes | (891,002) | (2,486,492) | 1,595,490 |
| Balances as of June 30, 2016 | \$ 104,064,503 | \$ 58,648,991 | \$ 45,415,512 |

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

| 1.00% Decrease (6.5%) | Current Discount Rate (7.5%) | 1.00 Increase (8.5%) |
|--------------------------|---------------------------------|-------------------------|
| \$ 56,592,673 | \$ 45,415,512 | \$ 36,265,758 |

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

For the year ended October 31, 2016 the employer recognized pension expense of \$4,071,388. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Contributions subsequent to measurement date | \$ 723,233 | \$ - |
| Difference in experience | - | 2,530,917 |
| Differences in assumptions | - | 1,349 |
| Net Investment Returns | <u>3,805,138</u> | <u>-</u> |
| Total | <u>\$ 4,528,371</u> | <u>\$ 2,532,266</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (continued)

B. MUNICIPAL EMPLOYEES PENSION PLAN (MERS)

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

\$723,233 reported as deferred outflows of resources related to pensions resulting from the City of East Providence's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017

| Year Ending June 30 | Net Deferred Outflows (Inflows) of Resources |
|---------------------------|--|
| 2017 | \$ (215,174) |
| 2018 | (213,827) |
| 2019 | 834,059 |
| 2020 | 867,814 |
| 2021 | - |
| Thereafter | - |
| Total | <u>\$ 1,272,872</u> |

Defined Contribution Plan Description:

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

The City of East Providence recognized pension expense of \$107,691, for the fiscal year ended October 31, 2016.

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

C. POLICE AND FIREFIGHTER'S LOCAL PENSION PLAN

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

Employees covered by benefit terms:

As of October 31, 2016, the following employees and other participants were members of the COEP P&FF Pension Plan:

| | |
|--------------------------------|--------------|
| | <u>Total</u> |
| Inactive Plan Members | 254 |
| Active Plan Members | 204 |
| Terminated - Deferred Benefits | <u>0</u> |
| Total Participants | <u>458</u> |

Contributions - The actual contributions required to be made to the Plan by the City each year are determined based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by members during the year, with an additional amount to finance the unfunded accrued liability. The required City contributions to the Plan for the fiscal year ending October 31, 2016 were 19.1% for police and 60.0% for firefighters. The established contribution rates for members are currently set at 9.0% of pay for firefighters and for police. For the purpose of pension calculations and determination of contributions, pay includes base pay, longevity pay, and holiday pay of the members.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

Net Pension Liability – The City's net pension liability has been measured as of October 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the October 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

| Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the October 31, 2016 measurement date | |
|---|---|
| Annual rate of inflation | 3.00 percent |
| Salary increases | 4.00 percent, including inflation |
| Long-term expected rate of investment return | 7.50 percent, including inflation and expenses |
| Mortality | Rates were based on the RP-2000 Combined Health for Males and Females with Blue Collar adjustment mortality table, projected for mortality improvements with scale AA |

The actuarial assumptions used in the October 31, 2016 actuarial valuation have been based on the results of the 2012 Actuarial Experience Study completed for the periods ending October 31 in years 2001 through 2011.

Benefit terms provide for annual cost-of living adjustments to the monthly benefit payable to retired Member's each year, generally including retired Members from about the mid-1990's and thereafter. The annual cost-of-living for these retired Members is an annual compounded increase of 3.0% each year. For Fire Fighter Members hired after January 1, 2014, the annual cost-of-living increase upon retirement will be an annual non-compounded increase of 2.25% each year. These annual cost-of-living increases are fully reflected in the determination of the total pension liability which has been determined as of October 31, 2016.

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

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

Discount rate – The discount rate used to determine the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the employee contribution rates. Based on those assumptions for contributions, the Plan's fiduciary net position was projected using the expected long-term rate of return. It was found that the projected net fiduciary position would be able to pay expected current benefit amounts for approximately 21 years. Using the long-term rate of return of 7.50% for the first 21 years and combined with a discount rate after 21 years using an expected municipal bond rate of 3.80%, results in an equivalent discount rate of 7.50%, which has been used to determine the total pension liability as of October 31, 2016.

Plan Fiduciary Net Position – The Plan's fiduciary net position as of October 31, 2016 was equal to \$116,473,001. This value is equal to the fair market value of the Plan's investments as of that date.

Changes in the Net Pension Liability

| | Total Pension Liability | Increase (Decrease) Plan Fiduciary Net Position | Net Pension Liability |
|---|------------------------------|---|-----------------------------|
| Balances as of October 31, 2015 | \$ 257,477,058 | \$ 115,826,192 | \$ 141,650,866 |
| Changes for the Year | | | |
| Service cost | 3,904,298 | - | 3,904,298 |
| Interest on the total pension liability | 12,492,276 | - | 12,492,276 |
| Changes in benefits | - | - | - |
| Difference between expected and actual experience | 16,904,538 | - | 16,904,538 |
| Changes in assumptions | (68,843,063) | - | (68,843,063) |
| Employer contributions | - | 5,816,231 | (5,816,231) |
| Employee contributions | - | 1,284,211 | (1,284,211) |
| Net investment income | - | 4,389,968 | (4,389,968) |
| Benefit payments, including employee refunds | (10,784,177) | (10,784,177) | - |
| Administrative expense | - | (59,424) | 59,424 |
| Other changes | - | - | - |
| Net changes | (46,326,128) | 646,809 | (46,972,937) |
| Balances as of October 31, 2016 | <u>\$ 211,150,930</u> | <u>\$ 116,473,001</u> | <u>\$ 94,677,929</u> |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

Sensitivity of the Net Pension Liability to changes in the discount rate. The following chart presents the net pension liability of the Plan, calculated using the current discount rate of 7.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (decrease to 6.50%) or 1-percentage-point higher (increase to 8.50%) than the current discount rate employed:

| 1.00% Decrease (6.50%) | Current Discount Rate (7.50%) | 1.00 Increase (8.50%) |
|---------------------------|----------------------------------|--------------------------|
| \$ 121,189,845 | \$ 94,677,929 | \$ 72,756,667 |

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

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

For the year ended October 31, 2016 the employer recognized pension expense of \$1,705,554. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------|-----------------------------------|----------------------------------|
| Difference in experience | \$ 16,881,500 | \$ - |
| Differences in assumptions | 5,651,573 | 55,074,450 |
| Excess(deficit) investment returns | 8,226,082 | - |
| Total | \$ 30,759,155 | \$ 55,074,450 |

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

| Year Ending | Net Deferred Outflows/(Inflows) |
|----------------|------------------------------------|
| 2017 | \$ (4,919,637) |
| 2018 | (4,919,637) |
| 2019 | (4,919,640) |
| 2020 | (9,556,381) |
| 2021 | 0 |
| Thereafter | 0 |
| Total | \$ 24,315,295 |

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

D. TEACHERS' SURVIVORS BENEFIT PLAN (TSB)

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

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

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

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

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

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

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

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

The East Providence School Department contributed \$45,817, \$47,588 and \$45,179 for the fiscal years ended October 31, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

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

At October 31, 2016 the East Providence School Department reported an asset of \$7,985,342 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2016, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. The School Department's proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At October 31, 2016 the School Department's proportion was 8.02%.

For the year ended October 31, 2016 the East Providence School Department recognized pension expense of \$(208,919) – an increase in the net pension asset. At October 31, 2016 the School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

| | |
|---|------------------|
| <i>Deferred outflows of resources</i> | |
| Contributions subsequent to the measurement date | \$ 45,817 |
| Difference between expected and actual experience | 1,520,146 |
| Net difference between projected and actual earnings on pension plan investments | 1,460,617 |
| <i>Deferred inflows of resources</i> | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | (1,587,469) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | (537,672) |
| Total | \$901,439 |

\$45,817 reported as deferred outflows of resources related to pensions resulting from the East Providence School Department's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended October 31, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended October 31: | |
|-------------------------------|-------------------|
| 2017 | \$206,716 |
| 2018 | 206,716 |
| 2019 | 532,917 |
| 2020 | 295,088 |
| 2021 | (54,795) |
| Thereafter | (331,021) |
| Total | \$ 855,621 |

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

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

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

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

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

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2014.

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, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

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

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.

(continued)

CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Financial Statements
October 31, 2016

NOTE 16 - PENSION PLANS (Continued)

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

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

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

| 1.00% Decrease (6.5%) | Current Discount Rate (7.5%) | 1.00 Increase (8.5%) |
|--------------------------|---------------------------------|-------------------------|
| \$ (6,336,461) | \$ (7,985,342) | \$ (9,334,427) |

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

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure through February 28, 2018, the date the financial statements were available to be issued.

On January 5, 2017 the City entered into a Special Obligation Tax Bonds, Series 2017 with the Rhode Island Department of Transportation totaling \$10,600,000 for the purpose of funding the Kettle Point Project. The bond carries a coupon rate of 7.60%.

On September 11, 2017 the City entered into Enterprise Fund note payable obligations, DWSRF Agency Loan totaling \$1,850,000 for the purpose of funding Green Projects. The loan carries a coupon rate of 2.38%.

On December 13, 2017 the City entered into an Efficient Buildings Fund Loan with the Rhode Island Department of Transportation totaling \$2,370,000. The loan carries a coupon rate of 2.24%.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2016

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual Amounts</u> | <u>Budget Variance</u> |
|---------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|
| Revenues: | | | | |
| <i>General property tax</i> | \$ 102,946,160 | \$ 102,946,160 | \$ 102,383,748 | \$ (562,412) |
| <i>Interest</i> | | | | |
| Interest on taxes | - | - | 904,216 | 904,216 |
| Interest on investments | - | - | 29,707 | 29,707 |
| <i>Total interest</i> | - | - | 933,923 | 933,923 |
| <i>Departmental</i> | | | | |
| Permits, licenses and fees | 1,426,000 | 1,426,000 | 1,059,734 | (366,266) |
| Fines and penalties | 1,172,055 | 1,172,055 | 1,875,168 | 703,113 |
| Charges for services | 3,376,430 | 3,376,430 | 3,671,393 | 294,963 |
| Donations | - | - | - | - |
| Sale of city property | - | - | - | - |
| <i>Total departmental</i> | 5,974,485 | 5,974,485 | 6,606,295 | 631,810 |
| <i>Intergovernmental</i> | 6,057,870 | 6,057,870 | 6,117,922 | 60,052 |
| <i>Appropriated Surplus</i> | 2,215,000 | 2,215,000 | - | (2,215,000) |
| <i>Other</i> | - | - | - | - |
| Total Revenues | <u>117,193,515</u> | <u>117,193,515</u> | <u>116,041,888</u> | <u>(1,151,627)</u> |
| Expenditures: | | | | |
| <i>General Government</i> | | | | |
| City council | 84,004 | 84,004 | 79,719 | (4,285) |
| City manager | 305,302 | 305,302 | 320,816 | 15,514 |
| Senior services | 340,248 | 340,248 | 339,250 | (998) |
| Information technology | 1,210,337 | 1,210,337 | 1,431,472 | 221,135 |
| City clerk | 650,177 | 650,177 | 699,338 | 49,161 |
| Finance director | 794,427 | 794,427 | 728,451 | (65,976) |
| Treasury | 552,270 | 552,270 | 494,799 | (57,471) |
| Purchasing | 193,139 | 193,139 | 195,570 | 2,431 |
| Assessment | 828,616 | 828,616 | 777,806 | (50,810) |
| Planning | 647,143 | 647,143 | 615,202 | (31,941) |
| Law | 361,081 | 361,081 | 317,565 | (43,516) |
| Human resources | 689,680 | 689,680 | 606,596 | (83,084) |
| Canvassing | 205,464 | 205,464 | 207,135 | 1,671 |
| <i>Total general government</i> | <u>6,861,888</u> | <u>6,861,888</u> | <u>6,813,719</u> | <u>(48,169)</u> |
| <i>Public Safety</i> | | | | |
| Police | 14,330,928 | 14,330,928 | 14,994,034 | 663,106 |
| Animal control | 332,270 | 332,270 | 298,384 | (33,886) |
| Harbormaster | 49,500 | 49,500 | 47,964 | (1,536) |
| Fire | 18,688,205 | 18,688,205 | 18,337,258 | (350,947) |
| Building inspection | 665,704 | 665,704 | 769,893 | 104,189 |
| <i>Total public safety</i> | <u>34,066,607</u> | <u>34,066,607</u> | <u>34,447,533</u> | <u>380,926</u> |

See explanation of budgetary revenues, expenditures and transfers on page 63.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2016
(continued)

| | Original Budget | Revised Budget | Actual Amounts | Budget Variance |
|--|---------------------|---------------------|---------------------|---------------------|
| Public Works | | | | |
| Director | 259,984 | 259,984 | 266,613 | 6,629 |
| Engineering | 729,319 | 729,319 | 736,520 | 7,201 |
| Highway | 4,070,795 | 4,070,795 | 3,911,504 | (159,291) |
| Central garage | 772,137 | 772,137 | 750,931 | (21,206) |
| Streetlights | 700,000 | 700,000 | 607,507 | (92,493) |
| Public buildings | 1,471,942 | 1,471,942 | 1,396,110 | (75,832) |
| Total public works | 8,004,177 | 8,004,177 | 7,669,185 | (334,992) |
| Sanitation | | | | |
| Refuse disposal | 2,571,498 | 2,571,498 | 2,603,651 | 32,153 |
| Total sanitation | 2,571,498 | 2,571,498 | 2,603,651 | 32,153 |
| Public Libraries | | | | |
| | 2,179,719 | 2,179,719 | 2,141,016 | (38,703) |
| Parks and Recreation: | | | | |
| Pierce stadium | 17,556 | 17,556 | 22,676 | 5,120 |
| Recreation (plus Carousel) | 811,109 | 811,109 | 905,461 | 94,352 |
| Total parks and recreation | 828,665 | 828,665 | 928,137 | 99,472 |
| Misc/General Government | | | | |
| | 6,874,144 | 6,874,144 | 9,952,808 | 3,078,664 |
| Capital | | | | |
| | 2,615,000 | 2,615,000 | 1,359,458 | (1,255,542) |
| OPEB | | | | |
| | - | - | - | - |
| 1% Budget Reserve | | | | |
| | - | - | - | - |
| Debt Service | | | | |
| | 9,188,008 | 9,188,008 | 4,772,184 | (4,415,824) |
| Total Expenditures | 73,189,706 | 73,189,706 | 70,687,691 | (2,502,015) |
| Excess of revenues over expenditures before operating transfers | 44,003,809 | 44,003,809 | 45,354,197 | 1,350,388 |
| Other financing sources and (uses) | | | | |
| Operating transfers from other funds | | | | |
| Special revenue funds | - | - | - | - |
| Revenue from City agencies | - | - | - | - |
| Operating transfers to other funds | | | | |
| Special revenue funds | - | - | - | - |
| Capital project funds | - | - | - | - |
| School unrestricted fund - City appropriation | (44,003,809) | (44,003,809) | (44,003,809) | - |
| Fund surplus | - | - | - | - |
| Total other financing sources and (uses) | (44,003,809) | (44,003,809) | (44,003,809) | - |
| Net change in fund balance - budgetary basis | \$ - | \$ - | \$ 1,350,388 | \$ 1,350,388 |

See explanation of budgetary revenues, expenditures and transfers on page 63.

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended October 31, 2016

| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|---------------------------|---------------------|-------------------|
| Revenues | | | | |
| State aid | \$ 33,144,815 | \$ 33,144,815 | \$ 33,069,307 | \$ (75,508) |
| Charges for services | 265,000 | 265,000 | 115,163 | (149,837) |
| Other revenue | - | - | 3,541 | 3,541 |
| Total revenue | <u>33,409,815</u> | <u>33,409,815</u> | <u>33,188,011</u> | <u>(221,804)</u> |
| Expenditures | | | | |
| Education | <u>77,413,624</u> | <u>77,413,624</u> | <u>76,991,567</u> | <u>422,057</u> |
| Total expenditures | <u>77,413,624</u> | <u>77,413,624</u> | <u>76,991,567</u> | <u>422,057</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | <u>(44,003,809)</u> | <u>(44,003,809)</u> | <u>(43,803,556)</u> | <u>200,253</u> |
| Other financing sources | | | | |
| Transfers from General Fund - City appropriation | <u>44,003,809</u> | <u>44,003,809</u> | <u>44,003,809</u> | <u>-</u> |
| Total other financing sources | <u>44,003,809</u> | <u>44,003,809</u> | <u>44,003,809</u> | <u>-</u> |
| Excess revenues and other sources over (under) expenditures and other sources - budgetary basis | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 200,253</u> | <u>\$ 200,253</u> |

See explanation of budgetary revenues, expenditures and transfers on page 63.

City of East Providence
Required Supplementary Information
Schedule of Funding Progress
Net Other Post-Employment Benefit Obligation
10/31/2016

City

| As of | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|------------|--------------------------------------|------------------------------|---|-----------------|--------------------|-----------------------------------|
| 10/31/2015 | 49,281,961 | - | 49,281,961 | - | 22,427,960 | 219.7% |
| 10/31/2014 | 66,851,556 | - | 66,851,556 | - | 20,204,098 | 330.9% |
| 10/31/2013 | 66,851,556 | - | 66,851,556 | - | 20,204,098 | 330.9% |

School

| As of | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|------------|--------------------------------------|------------------------------|---|-----------------|--------------------|-----------------------------------|
| 10/31/2015 | 10,403,730 | - | 10,403,730 | - | 27,591,816 | 37.7% |
| 10/31/2014 | 18,660,160 | - | 18,660,160 | - | 35,323,246 | 52.8% |
| 10/31/2013 | 18,660,160 | - | 18,660,160 | - | 35,323,247 | 52.8% |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
EMPLOYEES' RETIREMENT SYSTEM (ERS)
October 31, 2016**

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

Employees' Retirement System

| <i>For Fiscal Year Ended June 30,</i> | 2016 | 2015 |
|--|----------------|---------------|
| City of East Providence's proportion of the net pension liability | 2.06% | 1.98% |
| City of East Providence's proportionate share of the net pension liability | \$ 61,441,400 | \$ 54,392,896 |
| State's proportionate share of the net pension liability associated with the school district | 42,078,337 | 37,159,519 |
| Total | \$ 103,519,737 | \$ 91,552,415 |
| City of East Providence's covered employee payroll | \$ 33,832,476 | \$ 32,743,700 |
| City of East Providence's proportionate share of the net pension liability as a percentage of its covered employee payroll | 181.60% | 166.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 57.55% | 61.40% |

Notes:

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

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

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

| | 2016 | 2015 |
|--|---------------|---------------|
| Actuarially determined contribution | \$ 4,645,199 | \$ 4,495,710 |
| Contributions in relation to the actuarially determined contribution | 4,645,199 | 4,495,710 |
| Contribution deficiency (excess) | \$ - | \$ - |
| Covered-employee payroll | \$ 33,832,476 | \$ 32,743,700 |
| Contributions as a percentage of covered- employee payroll | 13.73% | 13.73% |

Notes:

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

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
October 31, 2016

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

Municipal Employees' Retirement System

| | <i>For Fiscal Year Ended June 30,</i> | 2016 | 2015 |
|--|---------------------------------------|-------------------|-------------------|
| A. Total pension liability | | | |
| 1. Service Cost | | \$ 1,569,286 | \$ 1,451,910 |
| 2. Interest on the Total Pension Liability | | 7,655,003 | 7,436,366 |
| 3. Changes of benefit terms | | - | 2,000,052 |
| 4. Difference between expected and actual experience of the Total Pension Liability | | (2,768,415) | - |
| 5. Changes of assumptions | | - | (893,679) |
| 6. Benefit payments, including refunds of employee contributions | | (7,346,876) | (6,929,467) |
| 7. Net change in total pension liability | | (891,002) | 3,065,182 |
| 8. Total pension liability – beginning | | 104,955,505 | 101,890,323 |
| 9. Total pension liability – ending (a) | | \$ 104,064,503 | \$ 104,955,505 |
| B. Plan fiduciary net position | | | |
| 1. Contributions – employer | | \$ 4,382,613 | \$ 3,537,324 |
| 2. Contributions – employee | | 545,479 | 320,534 |
| 3. Net investment income | | 32,571 | 1,432,717 |
| 4. Benefit payments, including refunds of employee contributions | | (7,346,876) | (6,929,467) |
| 5. Pension Plan Administrative Expense | | (107,691) | (59,227) |
| 6. Other | | 7,412 | 35,429 |
| 7. Net change in plan fiduciary net position | | (2,486,492) | (1,662,690) |
| 8. Plan fiduciary net position – beginning | | 61,135,483 | 62,798,173 |
| 9. Plan fiduciary net position – ending (b) | | \$ 58,648,991 | \$ 61,135,483 |
| C. Net pension liability - ending (a) - (b) | | <u>45,415,512</u> | <u>43,820,022</u> |
| D. Plan fiduciary net position as a percentage of the total pension liability | | 53.36% | 58.25% |
| E. Covered employee payroll | | \$ 17,301,940 | \$ 15,990,195 |
| F. Net pension liability as a percentage of covered payroll | | 262.49% | 274.04% |

| Notes to Schedule | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 21 years |
| Inflation | 2.75% |
| Salary Increases | General Employees - 3.50% to 7.50% |
| | Police & Fire Employees - 4.00% to 14.00% |
| Investment rate of return | 7.50% |
| Retirement age | Varies depending on Years of Service and Age |
| Mortality | Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. |
| | Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000. |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
October 31, 2016**

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

| | <i>For Fiscal Year Ended June 30,</i> | 2016 | 2015 |
|--|---------------------------------------|---------------|---------------|
| Actuarially determined contribution | | \$ 4,382,613 | \$ 3,537,324 |
| Contributions in relation to the actuarially determined contribution | | 4,382,613 | 3,537,324 |
| Contribution deficiency (excess) | | \$ - | \$ - |
| Covered-employee payroll | | \$ 17,301,940 | \$ 15,990,195 |
| Contributions as a percentage of covered-employee payroll | | 25.33% | 22.12% |

Notes:

- 1.) *Employers participating in the Municipal Employee's Retirement System are required by RI General*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become*

| Notes to Schedule | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 21 years |
| Inflation | 2.75% |
| Salary increases | General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00% |
| Investment rate of return | 7.50% |
| Retirement age | Varies depending on Years of Service and Age |
| Mortality | Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. |
| | Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000. |

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
POLICE AND FIRE LOCAL PENSION PLAN
October 31, 2016**

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

City of East Providence Police and Fire Local Pension Plan

| | <i>For Fiscal Year Ended October 31,</i> | 2016 | 2015 |
|--|--|--------------|----------------|
| A. Total pension liability | | | |
| 1. Service Cost | \$ | 3,904,298 | \$ 4,206,988 |
| 2. Interest on the Total Pension Liability | | 12,492,276 | 11,945,938 |
| 3. Changes of benefit terms | | - | - |
| 4. Difference between expected and actual experience of the Total Pension Liability | | 16,904,538 | 4,477,160 |
| 5. Changes of assumptions | | (68,843,063) | 7,535,431 |
| 6. Benefit payments, including refunds of employee contributions | | (10,784,177) | (10,237,038) |
| 7. Pension Plan, Administrative Expense | | - | - |
| 8. Net change in total pension liability | | (46,326,128) | 17,928,479 |
| 9. Total pension liability – beginning | | 257,477,058 | 239,548,579 |
| 10. Total pension liability – ending (a) | \$ | 211,150,930 | \$ 257,477,058 |
| B. Plan fiduciary net position | | | |
| 1. Contributions – employer | \$ | 5,816,231 | \$ 6,435,589 |
| 2. Contributions – employee | | 1,284,211 | 1,263,128 |
| 3. Net investment income | | 4,389,968 | 2,104,629 |
| 4. Benefit payments, including refunds of employee contributions | | (10,784,177) | (10,237,038) |
| 5. Pension Plan Administrative Expense | | (59,424) | (391,962) |
| 6. Other | | - | - |
| 7. Net change in plan fiduciary net position | | 646,809 | (825,654) |
| 8. Plan fiduciary net position – beginning | | 115,826,192 | 116,651,846 |
| 9. Plan fiduciary net position – ending (b) | \$ | 116,473,001 | \$ 115,826,192 |
| C. Net pension liability - ending (a) - (b) | | 94,677,929 | 141,650,866 |
| D. Plan fiduciary net position as a percentage of the total pension liability | | 55.16% | 44.99% |
| E. Covered employee payroll | \$ | 15,021,061 | \$ 14,628,273 |
| F. Net pension liability as a percentage of covered payroll | | 630.30% | 968.34% |

**SCHEDULE OF CITY OF EAST PROVIDENCE'S CONTRIBUTIONS
City of East Providence Police and Fire Local Pension Plan**

| | <i>For Fiscal Year Ended October 31,</i> | 2016 | 2015 |
|--|--|-------------|---------------|
| Actuarially determined contribution | \$ | 5,921,652 | \$ 5,617,511 |
| Contributions in relation to the actuarially determined contribution | | 5,816,231 | 6,435,589 |
| Contribution deficiency (excess) | \$ | 105,421 | \$ (818,078) |
| Covered-employee payroll | \$ | 15,021,061 | \$ 14,628,273 |
| Contributions as a percentage of covered-employee payroll | | 38.72% | 43.99% |

Notes:

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

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
POLICE AND FIRE LOCAL PENSION PLAN
October 31, 2016**

Schedule of Investment Returns

| Annual Money-Weighted Rate of Return, Net of Investment Expense | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-------------|-------------|-------------|
| Police & Fire Pension Plan | 15.73% | 1.83% | 1.94% |

Note:

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

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
TEACHERS' SURVIVOR BENEFITS (TSB)
October 31, 2016**

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

Teachers' Survivors Benefit Plan

| <i>For Fiscal Year Ended June 30,</i> | 2016 | 2015 |
|--|---------------|---------------|
| City of East Providence's proportion of the net pension asset | 8.02% | 7.89% |
| City of East Providence's proportionate share of the net pension asset | \$ 7,362,805 | \$ 9,214,210 |
| City of East Providence's covered employee payroll | \$ 33,832,476 | \$ 32,743,700 |
| City of East Providence's proportionate share of the net pension asset as a percentage of its covered employee payroll | 21.76% | 28.14% |
| Plan fiduciary net position as a percentage of the total pension liability | 146.6% | 173.3% |

Notes:

- 1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as*

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

| | 2016 | 2015 |
|--|---------------|---------------|
| Statutorily determined contribution | \$ 51,508 | \$ 47,588 |
| Contributions in relation to the statutorily determined contribution | 51,508 | 47,588 |
| Contribution deficiency (excess) | \$ - | \$ - |
| Covered-employee payroll | \$ 33,832,476 | \$ 32,743,700 |
| Contributions as a percentage of covered-employee payroll | 0.15% | 0.15% |

Notes:

- 1.) *Employers participating in the Teachers' Survivor's Benefit Plan contribute at a rate*
- 2.) *Schedule is intended to show information for 10 years - additional years will be displayed as*

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE
Notes to Required Supplementary Information
October 31, 2016

BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2016

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

| | <u>General Fund GAAP Basis</u> | <u>Special Revenue GAAP Basis</u> |
|---|--|---|
| Budgetary Basis Revenues | \$ 116,041,888 | \$ 33,188,011 |
| <i>Adjustments:</i> | | |
| To adjust for State on behalf payments | - | 3,200,000 |
| GAAP basis revenues | <u>116,041,888</u> | <u>36,388,011</u> |
| | | |
| Budgetary Basis Expenditures | 70,687,691 | 76,991,567 |
| <i>Adjustments:</i> | | |
| To adjust for State on behalf payments | - | 3,200,000 |
| GAAP basis expenditures | <u>70,687,691</u> | <u>80,191,567</u> |
| | | |
| Budgetary Basis Transfers | (44,003,809) | 44,003,809 |
| <i>Adjustments:</i> | | |
| GAAP basis transfers | <u>(44,003,809)</u> | <u>44,003,809</u> |
| | | |
| <i>Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP Basis)</i> | <u>\$ 1,350,388</u> | <u>\$ 200,253</u> |

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
October 31, 2016

| | City Special Revenue Funds | School Special Revenue Funds | School Lunch Fund | Summer School Remedial | Adult Vocational Training Program Income | Virtual Learning Programs | NOCTI Testing Fees | Capital Project Funds | Permanent Funds | Total Non-Major Governmental Funds |
|--|-------------------------------------|---------------------------------------|-------------------------|------------------------------|---|---------------------------------|--------------------------|-----------------------------|--------------------|---|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 630,967 | \$ 2,094,348 | \$ 311,344 | \$ 6,856 | \$ 11,615 | \$ 16,085 | \$ 789 | \$ 913,801 | \$ 54,404 | \$ 4,040,209 |
| Accounts receivable | 1,247,657 | 1,421,249 | 35,555 | - | - | 3,433 | - | - | - | 2,707,894 |
| Due from other governments | - | 1,478,639 | 312,132 | - | - | - | - | - | - | 1,790,771 |
| Internal balances | 1,484,605 | 795,943 | - | - | - | - | 745 | 2,999,526 | 40,810 | 5,321,629 |
| Total assets | <u>\$ 3,363,229</u> | <u>\$ 5,790,179</u> | <u>\$ 659,031</u> | <u>\$ 6,856</u> | <u>\$ 11,615</u> | <u>\$ 19,518</u> | <u>\$ 1,534</u> | <u>\$ 3,913,327</u> | <u>\$ 95,214</u> | <u>\$ 13,860,503</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Cash overdraft | \$ - | \$ 857,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 857,195 |
| Accounts payable and accrued expenses | 62,027 | 359,134 | 516,327 | 28,332 | - | - | - | 5,215 | - | 971,035 |
| Internal balances | 815,904 | 4,709,763 | - | 17,090 | 2,030 | 1,645 | - | - | 49,050 | 5,595,482 |
| Deferred revenue | 1,069,476 | - | - | - | - | - | - | - | - | 1,069,476 |
| Total liabilities | <u>1,947,407</u> | <u>5,926,092</u> | <u>516,327</u> | <u>45,422</u> | <u>2,030</u> | <u>1,645</u> | <u>-</u> | <u>5,215</u> | <u>49,050</u> | <u>8,493,188</u> |
| Fund balances (deficits) | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Cemetery perpetual care | - | - | - | - | - | - | - | - | 46,164 | 46,164 |
| Restricted, reported in: | | | | | | | | | | |
| Special revenue funds | 1,808,439 | 422,638 | 142,704 | - | 9,585 | 17,873 | 1,534 | - | - | 2,402,773 |
| Capital projects funds | - | - | - | - | - | - | - | 3,908,112 | - | 3,908,112 |
| Unassigned | (392,617) | (558,551) | - | (38,566) | - | - | - | - | - | (989,734) |
| Total fund balances | <u>1,415,822</u> | <u>(135,913)</u> | <u>142,704</u> | <u>(38,566)</u> | <u>9,585</u> | <u>17,873</u> | <u>1,534</u> | <u>3,908,112</u> | <u>46,164</u> | <u>5,367,315</u> |
| Total liabilities and fund balances | <u>\$ 3,363,229</u> | <u>\$ 5,790,179</u> | <u>\$ 659,031</u> | <u>\$ 6,856</u> | <u>\$ 11,615</u> | <u>\$ 19,518</u> | <u>\$ 1,534</u> | <u>\$ 3,913,327</u> | <u>\$ 95,214</u> | <u>\$ 13,860,503</u> |

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended October 31, 2016

| | City Special Revenue Funds | School Spccial Revenue Funds | School Lunch Fund | Summer School Remedial | Adult Vocational Training Program Income | Virtual Learning Programs | NOCTI Testing Fees | Capital Project Funds | Permanent Funds | Total Non-Major Governmental Funds |
|--|-------------------------------------|---------------------------------------|-------------------------|------------------------------|---|---------------------------------|--------------------------|-----------------------------|--------------------|---|
| Revenues | | | | | | | | | | |
| Federal and state aid and grants | \$ 1,869,987 | \$ 5,058,143 | \$ 2,060,615 | \$ - | \$ 8,996 | \$ 5,758 | \$ 3,751 | \$ 1,941,896 | \$ - | \$ 10,949,146 |
| Investment and interest income | 4,849 | - | - | - | - | - | - | - | 5 | 4,854 |
| Contributions and private grants | 53,104 | 154,250 | - | - | - | - | - | - | 2,500 | 209,854 |
| Other revenue | 170,786 | - | - | - | - | - | - | - | - | 170,786 |
| Total revenues | <u>2,098,726</u> | <u>5,212,393</u> | <u>2,060,615</u> | <u>-</u> | <u>8,996</u> | <u>5,758</u> | <u>3,751</u> | <u>1,941,896</u> | <u>2,505</u> | <u>11,334,640</u> |
| Expenditures | | | | | | | | | | |
| General government | 1,232,275 | - | - | - | - | - | - | - | 6,675 | 1,238,950 |
| Public safety | 535,648 | - | - | - | - | - | - | - | - | 535,648 |
| Public works | 765,248 | - | - | - | - | - | - | 998,678 | - | 1,763,926 |
| Parks and recreation | 452 | - | - | - | - | - | - | - | - | 452 |
| Education | - | 5,667,890 | 2,062,022 | - | 5,160 | 745 | 2,217 | 484,124 | - | 8,222,158 |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>2,533,623</u> | <u>5,667,890</u> | <u>2,062,022</u> | <u>-</u> | <u>5,160</u> | <u>745</u> | <u>2,217</u> | <u>1,482,802</u> | <u>6,675</u> | <u>11,761,134</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (434,897) | (455,497) | (1,407) | - | 3,836 | 5,013 | 1,534 | 459,094 | (4,170) | (426,494) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers (to) other funds | (230,150) | - | - | - | - | - | - | (3,007) | - | (233,157) |
| Total other financing sources (uses) | <u>(230,150)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,007)</u> | <u>-</u> | <u>(233,157)</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | <u>(665,047)</u> | <u>(455,497)</u> | <u>(1,407)</u> | <u>-</u> | <u>3,836</u> | <u>5,013</u> | <u>1,534</u> | <u>456,087</u> | <u>(4,170)</u> | <u>(659,651)</u> |
| Fund balances (deficit) - restricted November 1, 2015 | <u>2,080,869</u> | <u>319,584</u> | <u>144,111</u> | <u>(38,566)</u> | <u>5,749</u> | <u>12,860</u> | <u>-</u> | <u>3,452,025</u> | <u>50,334</u> | <u>6,026,966</u> |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 1,415,822</u> | <u>\$ (135,913)</u> | <u>\$ 142,704</u> | <u>\$ (38,566)</u> | <u>\$ 9,585</u> | <u>\$ 17,873</u> | <u>\$ 1,534</u> | <u>\$ 3,908,112</u> | <u>\$ 46,164</u> | <u>\$ 5,367,315</u> |

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016

| | Safe Routes to School | ARRA State Energy Efficiency | Byrne/JAG 2009 Formula | Energy Study & Improvement | Station Construction 2009 | Fire Prevention & Safety | Fire Port Security |
|--|--------------------------------|---------------------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------------|--------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - |
| Internal balances | - | - | 8,179 | - | - | - | - |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,179</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | - | - | 8,179 | - | - | - | - |
| Fund balances - unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>-</u> | <u>-</u> | <u>8,179</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,179</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | Fire UASI | SBA Green Business Initiative | Substance Abuse Grants | Waterfront Stormwater Study | Assistance to Firefighters | Byrne/JAG 2009 Local | Hazmat Reimbursement |
|--|--------------|-------------------------------------|------------------------------|-----------------------------------|----------------------------------|----------------------------|-------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | | \$ - | | \$ - | \$ - | \$ 1 |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - |
| Internal balances | | | 13,374 | 139,341 | - | - | 4,841 |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,374</u> | <u>\$ 139,341</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,842</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | - | - | 13,374 | 139,342 | - | - | 4,842 |
| Fund balances - unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>-</u> | <u>-</u> | <u>13,374</u> | <u>139,342</u> | <u>-</u> | <u>-</u> | <u>4,842</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,374</u> | <u>\$ 139,342</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,842</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | Hunts Mill/ Tranquility Place | Project Dare | Forfeited Drug State | Forfeited Drug Federal | Forfeited Drug Federal | Bold Point Park | Emergency Management Program |
|--|-------------------------------------|-----------------|----------------------------|------------------------------|------------------------------|-----------------------|------------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - |
| Internal balances | - | 9,763 | 8,903 | 779,820 | 2,913 | - | 88,528 |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ 9,763</u> | <u>\$ 8,903</u> | <u>\$ 779,820</u> | <u>\$ 2,913</u> | <u>\$ -</u> | <u>\$ 88,528</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 8,525 | \$ - | \$ - | \$ 244 | \$ - | \$ - | \$ 52 |
| Internal balances | 158,658 | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>167,183</u> | <u>-</u> | <u>-</u> | <u>244</u> | <u>-</u> | <u>-</u> | <u>52</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | - | 9,763 | 8,903 | 779,576 | 2,912 | - | 88,476 |
| Fund balances - unassigned | (167,183) | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>(167,183)</u> | <u>9,763</u> | <u>8,903</u> | <u>779,576</u> | <u>2,912</u> | <u>-</u> | <u>88,476</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 9,763</u> | <u>\$ 8,903</u> | <u>\$ 779,820</u> | <u>\$ 2,912</u> | <u>\$ -</u> | <u>\$ 88,528</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | Historical Records Preservation | Debt Service Reserve East Pointe | Senior Center Donations | Champlin Fund Weaver | Crescent Park Carousel | Forbes Street Solar | Library Donation Fund |
|--|---------------------------------------|--|-------------------------------|----------------------------|------------------------------|---------------------------|-----------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 276,179 | \$ - | \$ - | \$ 10,089 | \$ 148,389 | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - |
| Internal balances | 39,150 | - | 22,664 | - | - | - | 133,965 |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ 315,329</u> | <u>\$ -</u> | <u>\$ 22,664</u> | <u>\$ 10,089</u> | <u>\$ 148,389</u> | <u>\$ -</u> | <u>\$ 133,965</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 125 | \$ - | - | - | - | - | - |
| Internal balances | - | - | - | - | 49,567 | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>125</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>49,567</u> | <u>-</u> | <u>-</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | 315,204 | - | 22,664 | 10,089 | 98,822 | - | 133,965 |
| Fund balances - unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>315,204</u> | <u>-</u> | <u>22,664</u> | <u>10,089</u> | <u>98,822</u> | <u>-</u> | <u>133,965</u> |
| Total liabilities and fund balances | <u>\$ 315,329</u> | <u>\$ -</u> | <u>\$ 22,664</u> | <u>\$ 10,089</u> | <u>\$ 148,389</u> | <u>\$ -</u> | <u>\$ 133,965</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | Friends of Ancient Little Neck Cemetery | Fire Decon Grant | FY 15 State Homeland Security | Early Retiree Reinsurance Program | Beautification Committee | Sabin Point Floating Dock | RHPHC |
|--|--|------------------------|-------------------------------------|--|-----------------------------|------------------------------------|-------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | 118,688 | - | - | - | - | - |
| Internal balances | 713 | - | - | - | 906 | - | - |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ 713</u> | <u>\$ 118,688</u> | <u>-</u> | <u>\$ -</u> | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Internal balances | - | 93,503 | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>93,503</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | 713 | 25,185 | - | - | 906 | - | - |
| Fund balances - unassigned | - | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>713</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>906</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 713</u> | <u>\$ 93,503</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | DEM Silver Spring Playground | RIDEM Central Ave Park | RIDEM Sabin Point Stormwater | NEIWPCC Narrangansett Bay Estuary | Polling Place Renovation | Harbor Master | Community Development Activities |
|--|---------------------------------------|------------------------------|------------------------------------|---|--------------------------------|------------------|--|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 196,309 |
| Investments | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | 1,128,969 |
| Internal balances | - | - | - | - | - | - | 231,545 |
| Prepaid expenditures | - | - | - | - | - | - | - |
| Total assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,556,823</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ 1,331 | \$ 688 | \$ - | \$ - | \$ 29,000 | \$ 22,062 |
| Internal balances | - | 188,002 | 6,413 | - | - | - | 319,761 |
| Deferred revenue | - | - | - | - | - | - | 1,069,476 |
| Other liabilities | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>189,333</u> | <u>7,101</u> | <u>-</u> | <u>-</u> | <u>29,000</u> | <u>1,411,299</u> |
| Fund balances (deficits) | | | | | | | |
| Fund balances - restricted | - | - | - | - | - | - | 145,524 |
| Fund balances - unassigned | - | (189,333) | (7,101) | - | - | (29,000) | - |
| Total fund balances (deficits) | <u>-</u> | <u>(189,333)</u> | <u>(7,101)</u> | <u>-</u> | <u>-</u> | <u>(29,000)</u> | <u>145,524</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,556,823</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2016
(continued)

| | RIEMA | Total Special Revenue Funds |
|--|-------|--------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 630,967 |
| Investments | - | - |
| Accounts receivable | - | 1,247,657 |
| Due from other governments | - | - |
| Internal balances | - | 1,484,605 |
| Prepaid expenditures | - | - |
| Total assets | \$ - | \$ 3,363,229 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Cash overdraft | - | - |
| Accounts payable and accrued expenses | \$ - | \$ 62,027 |
| Internal balances | - | 815,904 |
| Deferred revenue | - | 1,069,476 |
| Other liabilities | - | - |
| Total liabilities | - | 1,947,407 |
| Fund balances (deficits) | | |
| Fund balances - restricted | - | 1,808,439 |
| Fund balances - unassigned | - | (392,617) |
| Total fund balances (deficits) | - | 1,415,822 |
| Total liabilities and fund balances | \$ - | \$ 3,363,229 |

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016

| | Safe Route to School | ARRA State Energy Efficiency | Byrne/JAG 2009 Formula | Energy Study & Improvement | Station Construction 2009 | Fire Prevention & Safety | Fire Port Security |
|--|-------------------------------|---------------------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------------|--------------------------|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ 731 | \$ - | \$ 18,301 | | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - |
| Total revenues | <u>731</u> | <u>-</u> | <u>18,301</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 18,845 | 10,767 | - | 253 | - |
| Public works | - | - | - | - | 250,406 | - | - |
| Parks and recreation | - | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>18,845</u> | <u>10,767</u> | <u>250,406</u> | <u>253</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | 731 | - | (544) | (10,767) | (250,406) | (253) | - |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | <u>731</u> | <u>-</u> | <u>(544)</u> | <u>(10,767)</u> | <u>(250,406)</u> | <u>(253)</u> | <u>-</u> |
| Fund balances (deficit) - restricted November 1, 2015 | <u>(731)</u> | <u>-</u> | <u>8,723</u> | <u>10,767</u> | <u>250,406</u> | <u>253</u> | <u>-</u> |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,179</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | Fire UASI | SBA Green Business Initiative | Substance Abuse Grants | Waterfront Stormwater Study | Assistance to Firefighters | Byrne/JAG 2009 Local | Hazmat Reimbursement |
|--|--------------|-------------------------------------|------------------------------|-----------------------------------|----------------------------------|----------------------------|-------------------------|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ - | \$ - | \$ 29,427 | \$ - | \$ - | \$ - | \$ 2,442 |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Other revenue | - | - | 4,170 | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>33,597</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,442</u> |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 1,040 | - | 40,770 | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>1,040</u> | <u>-</u> | <u>40,770</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (1,040) | - | (7,173) | - | - | - | 2,442 |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | (483) | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(483)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (1,040) | (483) | (7,173) | - | - | - | 2,442 |
| Fund balances (deficit) - restricted November 1, 2015 | 1,040 | 483 | 20,547 | 139,342 | - | - | 2,400 |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,374</u> | <u>\$ 139,342</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,842</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | Hunts Mill/ Tranquility Place | Project Dare | Forfeited Drug State | DOJ Equitable Sharing | Forfeited Drug Federal | Bold Point Park | Emergency Management Program |
|--|-------------------------------------|-----------------|----------------------------|-----------------------------|------------------------------|-----------------------|------------------------------------|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ 25,000 | \$ - | \$ 1,362 | \$ 831,811 | \$ - | \$ - | \$ 19,756 |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - |
| Total revenues | <u>25,000</u> | <u>-</u> | <u>1,362</u> | <u>831,811</u> | <u>-</u> | <u>-</u> | <u>19,756</u> |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 20,652 | 334,917 | - | - | 2,392 |
| Public works | 318,408 | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>318,408</u> | <u>-</u> | <u>20,652</u> | <u>334,917</u> | <u>-</u> | <u>-</u> | <u>2,392</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (293,408) | - | (19,290) | 496,894 | - | - | 17,364 |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | - | - | - | (28,229) | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(28,229)</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (293,408) | - | (19,290) | 496,894 | - | (28,229) | 17,364 |
| Fund balances (deficit) - restricted November 1, 2015 | 126,225 | 9,763 | 28,193 | 282,682 | 2,912 | 28,229 | 71,112 |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ (167,183)</u> | <u>\$ 9,763</u> | <u>\$ 8,903</u> | <u>\$ 779,576</u> | <u>\$ 2,912</u> | <u>\$ -</u> | <u>\$ 88,476</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | Historical Records Preservation | Debt Service Reserve East Pointe | Senior Center Donations | Champlin Fund Weaver | Crescent Park Carousel | Forbes Street Solar | Library Donation Fund |
|--|---------------------------------------|--|-------------------------------|----------------------------|------------------------------|---------------------------|-----------------------------|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ 36,607 | \$ - | \$ 26,957 | \$ 26,840 | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | 132 | - | - |
| Contributions and private grants | - | - | 8,403 | - | 26,371 | - | 3,330 |
| Other revenue | 6,195 | - | - | - | - | - | - |
| Total revenues | <u>42,802</u> | <u>-</u> | <u>35,360</u> | <u>26,840</u> | <u>26,503</u> | <u>-</u> | <u>3,330</u> |
| Expenditures | | | | | | | |
| General government | 125,759 | - | 29,348 | 17,700 | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>125,759</u> | <u>-</u> | <u>29,348</u> | <u>17,700</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | <u>(82,957)</u> | <u>-</u> | <u>6,012</u> | <u>9,140</u> | <u>26,503</u> | <u>-</u> | <u>3,330</u> |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | <u>(82,957)</u> | <u>-</u> | <u>6,012</u> | <u>9,140</u> | <u>26,503</u> | <u>-</u> | <u>3,330</u> |
| Fund balances (deficit) - restricted November 1, 2015 | <u>398,161</u> | <u>-</u> | <u>16,652</u> | <u>949</u> | <u>72,319</u> | <u>-</u> | <u>130,635</u> |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 315,204</u> | <u>\$ -</u> | <u>\$ 22,664</u> | <u>\$ 10,089</u> | <u>\$ 98,822</u> | <u>\$ -</u> | <u>\$ 133,965</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | Friends of Ancient Little Neck Cemetery | Fire Decon Grant | FY 15 State Homeland Security | Early Retiree Reinsurance Program | Beautification Committee | Sabin Point Floating Dock | RIHPHC |
|--|--|------------------------|-------------------------------------|--|-----------------------------|------------------------------------|-------------|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ - | \$ 144,498 | \$ 4,519 | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>144,498</u> | <u>4,519</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | |
| Geueal government | - | - | 4,519 | - | - | - | - |
| Public safety | - | 106,012 | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - |
| Parks and recreation | - | - | - | - | 209 | 171 | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>106,012</u> | <u>4,519</u> | <u>-</u> | <u>209</u> | <u>171</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | <u>-</u> | <u>38,486</u> | <u>-</u> | <u>-</u> | <u>(209)</u> | <u>(171)</u> | <u>-</u> |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | - | (201,438) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(201,438)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | <u>-</u> | <u>38,486</u> | <u>-</u> | <u>(201,438)</u> | <u>(209)</u> | <u>(171)</u> | <u>-</u> |
| Fund balances (deficit) - restricted November 1, 2015 | <u>713</u> | <u>(13,301)</u> | <u>-</u> | <u>201,438</u> | <u>1,115</u> | <u>171</u> | <u>-</u> |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 713</u> | <u>\$ 25,185</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | DEM Silver Spring Playground | RIDEM Central Ave Park | RIDEM Sabin Point Stormwater | NEIWPC Narragansett Bay Estuary | Polling Place Renovation | Harbor Master | Community Development Activities |
|--|---------------------------------------|------------------------------|------------------------------------|---------------------------------------|--------------------------------|--------------------|--|
| Revenues | | | | | | | |
| Federal and state aid and grants | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,000 | \$ 672,736 |
| Charges for services | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | 4,717 |
| Contributions and private grants | - | - | - | - | - | - | 15,000 |
| Other revenue | - | - | - | - | - | - | 160,421 |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,000</u> | <u>852,874</u> |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | 58,000 | 996,949 |
| Public safety | - | - | - | - | - | - | - |
| Public works | - | 189,333 | 7,101 | - | - | - | - |
| Parks and recreation | 72 | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Total expenditures | <u>72</u> | <u>189,333</u> | <u>7,101</u> | <u>-</u> | <u>-</u> | <u>58,000</u> | <u>996,949</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | (72) | (189,333) | (7,101) | - | - | (29,000) | (144,075) |
| Other financing sources (uses) | | | | | | | |
| Proceeds of debt issuance | - | - | - | - | - | - | - |
| Transfers from other funds | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (72) | (189,333) | (7,101) | - | - | (29,000) | (144,075) |
| Fund balances (deficit) - restricted November 1, 2015 | 72 | - | - | - | - | - | 289,599 |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ (189,333)</u> | <u>\$ (7,101)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (29,000)</u> | <u>\$ 145,524</u> |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2016
(continued)

| | RIEMA | Total Special Revenue Funds |
|--|----------|--------------------------------------|
| Revenues | | |
| Federal and state aid and grants | \$ 6,650 | \$ 1,869,987 |
| Charges for services | - | - |
| Fines and penalties | - | - |
| Investment and interest income | - | 4,849 |
| Contributions and private grants | - | 53,104 |
| Other revenue | - | 170,786 |
| Total revenues | 6,650 | 2,098,726 |
| Expenditures | | |
| General government | - | 1,232,275 |
| Public safety | 6,650 | 535,648 |
| Public works | - | 765,248 |
| Parks and recreation | - | 452 |
| Public libraries | - | - |
| Education | - | - |
| Debt service | - | - |
| Total expenditures | 6,650 | 2,533,623 |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses) | - | (434,897) |
| Other financing sources (uses) | | |
| Proceeds of debt issuance | - | - |
| Transfers from other funds | - | - |
| Transfers (to) other funds | - | (230,150) |
| Total other financing sources (uses) | - | (230,150) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | (665,047) |
| Fund balances (deficit) - restricted November 1, 2015 | - | 2,080,869 |
| Fund balances (deficit) - restricted October 31, 2016 | \$ - | \$ 1,415,822 |

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016

| | IDEA Part B | Preschool Section 619 | Title I | Title I 1003 (A) Year 1 | Title I 1003 (A) Year 2 | Title II | EPHS E2T2 | Title III | Title V |
|---|---------------------|--------------------------|---------------------|-------------------------------|-------------------------------|-------------------|--------------|------------------|-------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 836,718 | \$ 79,265 | \$ 456,506 | \$ 9,800 | \$ - | \$ 390,239 | \$ - | \$ 24,788 | \$ - |
| Due from federal and state governments | 603,362 | 8,812 | 344,198 | - | 32,895 | 124,632 | - | 85 | - |
| Internal balances | 197,539 | 15,922 | 68,464 | - | 3,427 | - | - | 210 | - |
| Other receivables | - | - | 1,397,109 | 24,140 | - | - | - | - | - |
| TOTAL ASSETS | \$ 1,637,619 | \$ 103,999 | \$ 2,266,277 | \$ 33,940 | \$ 36,322 | \$ 514,871 | \$ - | \$ 25,083 | \$ - |
| | | | | | | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ - | \$ - | \$ 12,554 | \$ - | \$ - | \$ - | \$ - |
| Accounts payable and accrued expenses | 196,988 | - | 43 | 1,750 | 13,650 | 1,460 | - | - | - |
| Internal balances | 1,431,460 | 103,999 | 2,266,234 | 32,257 | 3,477 | 499,982 | - | 24,933 | - |
| Total liabilities | 1,628,448 | 103,999 | 2,266,277 | 34,007 | 29,681 | 501,442 | - | 24,933 | - |
| | | | | | | | | | |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | 9,171 | - | - | - | 6,641 | 13,429 | - | 150 | - |
| Fund balances - unassigned | - | - | - | (67) | - | - | - | - | - |
| Total fund balances | 9,171 | - | - | (67) | 6,641 | 13,429 | - | 150 | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,637,619 | \$ 103,999 | \$ 2,266,277 | \$ 33,940 | \$ 36,322 | \$ 514,871 | \$ - | \$ 25,083 | \$ - |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016
(continued)

| | <u>Perkins</u> | <u>Vocational Education Reserves</u> | <u>Vocational Training for Adults</u> | <u>Fresh Fruits & Vegetables</u> | <u>RTTT Standards & Curriculum</u> | <u>RTTT Instructional Improvement Systems</u> | <u>RTTT Educator Effectiveness</u> | <u>RTTT IIS Set Aside</u> | <u>RTTT Educator Effectiveness Set Aside</u> |
|---|-------------------|--|---|--|--|---|--|-----------------------------------|--|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 16,562 | \$ 53,933 | \$ 39,352 | \$ - | \$ 38,941 | \$ 9,227 | \$ - | \$ - |
| Due from federal and state governments | 135,217 | 19,988 | - | 21,864 | - | - | - | - | - |
| Internal balances | 1,828 | 2,215 | 739 | - | 4,350 | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 137,045</u> | <u>\$ 38,765</u> | <u>\$ 54,672</u> | <u>\$ 61,216</u> | <u>\$ 4,350</u> | <u>\$ 38,941</u> | <u>\$ 9,227</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ 29,644 | \$ - | \$ - | \$ - | \$ 2,023 | \$ - | \$ - | \$ - | \$ - |
| Accounts payable and accrued expenses | 6,053 | 200 | - | 59,995 | - | - | - | - | - |
| Internal balances | 95,673 | 38,565 | 36,531 | 1,518 | 2,327 | 38,941 | 9,227 | - | - |
| Total liabilities | <u>131,370</u> | <u>38,765</u> | <u>36,531</u> | <u>61,513</u> | <u>4,350</u> | <u>38,941</u> | <u>9,227</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | 5,675 | - | 18,141 | - | - | - | - | - | - |
| Fund balances - unassigned | - | - | - | (297) | - | - | - | - | - |
| Total fund balances | <u>5,675</u> | <u>-</u> | <u>18,141</u> | <u>(297)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 137,045</u> | <u>\$ 38,765</u> | <u>\$ 54,672</u> | <u>\$ 61,216</u> | <u>\$ 4,350</u> | <u>\$ 38,941</u> | <u>\$ 9,227</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016
(continued)

| | RTTT HCD Set Aside | Enhanced Assessment Instruments | Teaching American History | EPHS Gym | Legislative Middle School Sports | Literacy for All | Legislative Technology Martin | Legislative Technology Silver Spring | Legislative Technology Francis |
|---|--------------------------|---------------------------------------|---------------------------------|----------------|--|---------------------|-------------------------------------|--|--------------------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 21,658 | \$ 254 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due from federal and state governments | - | - | - | - | 1,500 | - | - | - | - |
| Internal balances | - | - | - | - | - | - | - | - | 4,000 |
| Other receivables | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 21,658</u> | <u>\$ 254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,500</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,000</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ - | \$ 1,130 | \$ - | \$ - | \$ - | \$ - | \$ 4,864 |
| Accounts payable and accrued expenses | - | - | - | - | 1,560 | - | - | - | - |
| Internal balances | 21,658 | - | - | - | - | - | - | - | - |
| Total liabilities | <u>21,658</u> | <u>-</u> | <u>-</u> | <u>1,130</u> | <u>1,560</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,864</u> |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | - | 254 | - | - | - | - | - | - | - |
| Fund balances - unassigned | - | - | - | (1,130) | (60) | - | - | - | (864) |
| Total fund balances | <u>-</u> | <u>254</u> | <u>-</u> | <u>(1,130)</u> | <u>(60)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(864)</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 21,658</u> | <u>\$ 254</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,500</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,000</u> |

(continued)

SUPPLEMENTARY INFORMATION
 EAST PROVIDENCE PUBLIC SCHOOLS
 Combining Balance Sheet - Non-Major Governmental Funds
 Special Revenue Funds - School Restricted
 October 31, 2016
 (continued)

| | Legislative Technology Hennessey | Legislative Technology Orlo | Legislative Technology Oldham | RI State Council on the Arts | Career Tech. Center Ind. Cont. | Common Core State Standards | CTE Categorical Fund Year 1 | CTE Categorical Fund Year 2 | CTE Categorical IT Program Year 1 |
|---|--|-----------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 727 | \$ - | \$ - | \$ - | \$ 5,375 | \$ - |
| Due from federal and state governments | - | - | - | - | - | - | - | - | - |
| Internal balances | - | - | 2,000 | - | 125,494 | - | 300,849 | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 727</u> | <u>\$ 125,494</u> | <u>\$ -</u> | <u>\$ 300,849</u> | <u>\$ 5,375</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ 2,000 | \$ - | \$ 125,494 | \$ 5,603 | \$ 12,892 | \$ - | \$ 50,000 |
| Accounts payable and accrued expenses | - | - | - | - | - | - | 4,747 | 29,333 | - |
| Internal balances | - | - | - | - | - | - | 54,977 | 30,724 | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>2,000</u> | <u>-</u> | <u>125,494</u> | <u>5,603</u> | <u>72,616</u> | <u>60,057</u> | <u>50,000</u> |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | - | - | - | 727 | - | - | 228,233 | - | - |
| Fund balances - unassigned | - | - | - | - | - | (5,603) | - | (54,682) | (50,000) |
| Total fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>727</u> | <u>-</u> | <u>(5,603)</u> | <u>228,233</u> | <u>(54,682)</u> | <u>(50,000)</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 727</u> | <u>\$ 125,494</u> | <u>\$ -</u> | <u>\$ 300,849</u> | <u>\$ 5,375</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016
(continued)

| | CTE Categorical IT Program Year 2 | PSF Hennessey | Champlin | Champlin Music/Media Lab | Feinstein | Feinstein Hennessey | United Way | RI Foundation | RI Hospitality Education Foundation |
|---|--|------------------|-------------|--------------------------------|------------------|------------------------|-----------------|------------------|---|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,690 | \$ - | \$ 7,108 | \$ 14,717 | \$ 50,506 | | \$ 278 | \$ 774 |
| Due from federal and state governments | - | - | - | - | - | - | | - | - |
| Internal balances | - | - | - | - | - | 54,277 | 5,000 | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 2,690</u> | <u>\$ -</u> | <u>\$ 7,108</u> | <u>\$ 14,717</u> | <u>\$ 104,783</u> | <u>\$ 5,000</u> | <u>\$ 278</u> | <u>\$ 774</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,519 | \$ - | \$ - |
| Accounts payable and accrued expenses | - | - | - | 6,207 | - | 771 | 891 | - | 774 |
| Internal balances | - | 2,581 | - | - | - | 12,424 | - | - | - |
| Total liabilities | <u>-</u> | <u>2,581</u> | <u>-</u> | <u>6,207</u> | <u>-</u> | <u>13,195</u> | <u>3,410</u> | <u>-</u> | <u>774</u> |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | - | 109 | - | 901 | 14,717 | 91,588 | 1,590 | 278 | - |
| Fund balances - unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balances | <u>-</u> | <u>109</u> | <u>-</u> | <u>901</u> | <u>14,717</u> | <u>91,588</u> | <u>1,590</u> | <u>278</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ -</u> | <u>\$ 2,690</u> | <u>\$ -</u> | <u>\$ 7,108</u> | <u>\$ 14,717</u> | <u>\$ 104,783</u> | <u>\$ 5,000</u> | <u>\$ 278</u> | <u>\$ 774</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016
(continued)

| | <u>Walmart</u> | <u>Verizon</u> | <u>Sahin Management Corporation</u> | <u>Aspen Aerogels</u> | <u>Donations & Gifts</u> | <u>RI Historical</u> | <u>EPHS Arts</u> | <u>RI Parent Information Network</u> | <u>RI State Improvement Waddington</u> |
|---|----------------|------------------|---|---------------------------|----------------------------------|--------------------------|----------------------|--|--|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 18 | \$ 11,830 | \$ - | \$ - | \$ 6,331 | | \$ 400 | \$ 1,181 | \$ - |
| Due from federal and state governments | - | - | - | - | - | - | - | - | - |
| Internal balances | - | - | 1,000 | - | 1,266 | - | - | - | 3,063 |
| Other receivables | - | - | - | - | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 18</u> | <u>\$ 11,830</u> | <u>\$ 1,000</u> | <u>\$ -</u> | <u>\$ 7,597</u> | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ 1,181</u> | <u>\$ 3,063</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ 1,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,063 |
| Accounts payable and accrued expenses | - | - | - | - | 1,836 | - | - | - | - |
| Internal balances | - | 1,550 | - | - | 725 | - | - | - | - |
| Total liabilities | <u>-</u> | <u>1,550</u> | <u>1,000</u> | <u>-</u> | <u>2,561</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,063</u> |
| Fund balances | | | | | | | | | |
| Fund balances - restricted | 18 | 10,280 | - | - | 5,036 | - | 400 | 1,181 | - |
| Fund balances - unassigned | - | - | - | - | - | - | - | - | - |
| Total fund balances | <u>18</u> | <u>10,280</u> | <u>-</u> | <u>-</u> | <u>5,036</u> | <u>-</u> | <u>400</u> | <u>1,181</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 18</u> | <u>\$ 11,830</u> | <u>\$ 1,000</u> | <u>\$ -</u> | <u>\$ 7,597</u> | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ 1,181</u> | <u>\$ 3,063</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2016
(continued)

| | National Geographic | Elementry School Donor | Sports Middle School | High School Band | Wireless Classroom Initiative | Perkins Odd Year | Pre-K Grant | Special Revenue Funds |
|---|------------------------|------------------------------|----------------------------|------------------------|-------------------------------------|------------------------|------------------|-----------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,000 | \$ 13,944 | \$ - | \$ - | \$ - | \$ - | \$ 2,094,348 |
| Due from federal and state governments | - | - | - | - | 186,086 | - | - | 1,478,639 |
| Internal balances | - | - | 967 | 6,396 | - | - | - | 795,943 |
| Other receivables | - | - | - | - | - | - | - | 1,421,249 |
| TOTAL ASSETS | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 14,911</u> | <u>\$ 6,396</u> | <u>\$ 186,086</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,790,179</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Cash overdraft | \$ - | \$ - | \$ - | \$ 5,368 | \$ 186,086 | \$ - | \$ 416,018 | \$ 857,195 |
| Accounts payable and accrued expenses | - | 376 | 3,444 | - | - | 3,606 | 26,224 | 359,134 |
| Internal balances | - | - | - | - | - | - | - | 4,709,763 |
| Total liabilities | <u>-</u> | <u>376</u> | <u>3,444</u> | <u>5,368</u> | <u>186,086</u> | <u>3,606</u> | <u>442,242</u> | <u>5,926,092</u> |
| Fund balances | | | | | | | | |
| Fund balances - restricted | - | 1,624 | 11,467 | 1,028 | - | - | - | 422,638 |
| Fund balances - unassigned | - | - | - | - | - | (3,606) | (442,242) | (558,551) |
| Total fund balances | <u>-</u> | <u>1,624</u> | <u>11,467</u> | <u>1,028</u> | <u>-</u> | <u>(3,606)</u> | <u>(442,242)</u> | <u>(135,913)</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ -</u> | <u>\$ 2,000</u> | <u>\$ 14,911</u> | <u>\$ 6,396</u> | <u>\$ 186,086</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,790,179</u> |

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016

| | IDEA Part B | Preschool Section 619 | Title I | Title I 1003 (A) Year 1 | Title I 1003 (A) Year 2 | Title II | EPHS E2T2 | Title III | Title V |
|--|------------------|--------------------------|------------------|-------------------------------|-------------------------------|------------------|--------------|---------------|-------------|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | \$ 2,088,197 | \$ 31,051 | \$ 1,509,567 | \$ - | \$ 66,884 | \$ 439,337 | \$ 2,535 | \$ 46,518 | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>2,088,197</u> | <u>31,051</u> | <u>1,509,567</u> | <u>-</u> | <u>66,884</u> | <u>439,337</u> | <u>2,535</u> | <u>46,518</u> | <u>-</u> |
| Expenditures | | | | | | | | | |
| Education | 2,079,085 | 31,051 | 1,509,617 | 67 | 60,243 | 425,948 | 2,535 | 46,518 | - |
| Total expenditures | <u>2,079,085</u> | <u>31,051</u> | <u>1,509,617</u> | <u>67</u> | <u>60,243</u> | <u>425,948</u> | <u>2,535</u> | <u>46,518</u> | <u>-</u> |
| Excess revenues over (under) expenditures | 9,112 | - | (50) | (67) | 6,641 | 13,389 | - | - | - |
| Fund balances (deficit) - restricted November 1, 2015 | 59 | - | 50 | - | - | 40 | - | 150 | - |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 9,171</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (67)</u> | <u>\$ 6,641</u> | <u>\$ 13,429</u> | <u>\$ -</u> | <u>\$ 150</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
(continued)

| | Perkins | Vocational Education Reserves | Vocational Training for Adults | Fresh Fruits & Vegetables | RTTT Standards & Curriculum | RTTT Instructional Improvement Systems | RTTT Educator Effectiveness | RTTT IIS Set Aside | RTTT Educator Effectiveness Set Aside |
|--|-----------------|-------------------------------------|--------------------------------------|---------------------------------|-----------------------------------|---|-----------------------------------|--------------------------|--|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | \$ 280,320 | \$ 46,423 | \$ - | \$ 84,110 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>280,320</u> | <u>46,423</u> | <u>-</u> | <u>84,110</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | | | |
| Education | 278,403 | 46,423 | (162) | 84,110 | - | - | - | - | - |
| Total expenditures | <u>278,403</u> | <u>46,423</u> | <u>(162)</u> | <u>84,110</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess revenues over (under) expenditures | 1,917 | - | 162 | - | - | - | - | - | - |
| Fund balances (deficit) - restricted November 1, 2015 | 3,758 | - | 17,979 | (297) | - | - | - | - | - |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 5,675</u> | <u>\$ -</u> | <u>\$ 18,141</u> | <u>\$ (297)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
 (continued)

| | RTTT HCD Set Aside | Enhanced Assessment Instruments | Teaching American History | EPHS Gym | Legislative Middle School Sports | Literacy for All | Legislative Technology Martin | Legislative Technology Silver Spring | Legislative Technology Francis |
|--|--------------------------|---------------------------------------|---------------------------------|-------------------|--|---------------------|-------------------------------------|--|--------------------------------------|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | \$ - | \$ 1,775 | \$ - | \$ - | \$ 1,500 | \$ - | \$ - | \$ - | \$ 2,000 |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>1,775</u> | <u>-</u> | <u>-</u> | <u>1,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,000</u> |
| Expenditures | | | | | | | | | |
| Education | - | 1,521 | - | 1,130 | 1,560 | - | - | - | 2,864 |
| Total expenditures | <u>-</u> | <u>1,521</u> | <u>-</u> | <u>1,130</u> | <u>1,560</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,864</u> |
| Excess revenues over (under) expenditures | - | 254 | - | (1,130) | (60) | - | - | - | (864) |
| Fund balances (deficit) - restricted November 1, 2015 | - | - | - | - | - | - | - | - | - |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ 254</u> | <u>\$ -</u> | <u>\$ (1,130)</u> | <u>\$ (60)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (864)</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
 (continued)

| | Legislative Technology Hennessey | Legislative Technology Orlo | Legislative Technology Oldham | RI State Council on the Arts | Career Tech. Center Ind. Cont. | Common Core State Standards | CTE Categorical Fund Year 1 | CTE Categorical Fund Year 2 | CTE Categorical IT Program Year 1 |
|--|--|-----------------------------------|-------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|--|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | | \$ 1,000 | | \$ 800 | \$ - | \$ - | \$ 214,229 | | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - | - | - |
| Total revenues | - | 1,000 | - | 800 | - | - | 214,229 | - | - |
| Expenditures | | | | | | | | | |
| Education | | 1,000 | | 538 | | 5,603 | 210,697 | 54,682 | |
| Total expenditures | - | 1,000 | - | 538 | - | 5,603 | 210,697 | 54,682 | - |
| Excess revenues over (under) expenditures | - | - | - | 262 | - | (5,603) | 3,532 | (54,682) | - |
| Fund balances (deficit) - restricted November 1, 2015 | | | - | 465 | | | 224,701 | - | (50,000) |
| Fund balances (deficit) - restricted October 31, 2016 | \$ - | \$ - | \$ - | \$ 727 | \$ - | \$ (5,603) | \$ 228,233 | \$ (54,682) | \$ (50,000) |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
 (continued)

| | CTE Categorical IT Program Year 2 | PSF Hennessey | Champlin | Champlin Music/Media Lab | Feinstein | Feinstein Hennessey | United Way | RI Foundation | RI Hospitality Education Foundation |
|--|--|------------------|-------------|--------------------------------|------------------|------------------------|-----------------|------------------|---|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,774 | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | 83,000 | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>83,000</u> | <u>-</u> | <u>4,774</u> | <u>-</u> |
| Expenditures | | | | | | | | | |
| Education | - | - | - | 6,207 | - | 64,419 | 146 | 4,496 | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,207</u> | <u>-</u> | <u>64,419</u> | <u>146</u> | <u>4,496</u> | <u>-</u> |
| Excess revenues over (under) expenditures | - | - | - | (6,207) | - | 18,581 | (146) | 278 | - |
| Fund balances (deficit) - restricted November 1, 2015 | - | 109 | - | 7,108 | 14,717 | 73,007 | 1,736 | - | - |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ 109</u> | <u>\$ -</u> | <u>\$ 901</u> | <u>\$ 14,717</u> | <u>\$ 91,588</u> | <u>\$ 1,590</u> | <u>\$ 278</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
(continued)

| | Walmart | Verizon | Sahin Management Corporation | Aspen Aerogels | Donations & Gifts | RI Historical | EPHS Arts | RI Parent Information Network | RI State Improvement Waddington |
|--|--------------|------------------|------------------------------------|-------------------|----------------------|------------------|---------------|-------------------------------------|---------------------------------------|
| Revenues | | | | | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | | | | | 70,850 | | 400 | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>70,850</u> | <u>-</u> | <u>400</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | | | | |
| Education | - | - | 1,000 | 1,000 | 71,895 | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>1,000</u> | <u>1,000</u> | <u>71,895</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess revenues over (under) expenditures | - | - | (1,000) | (1,000) | (1,045) | - | 400 | - | - |
| Fund balances (deficit) - restricted November 1, 2015 | 18 | 10,280 | 1,000 | 1,000 | 6,081 | - | - | 1,181 | - |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 18</u> | <u>\$ 10,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,036</u> | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ 1,181</u> | <u>\$ -</u> |

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2016
(continued)

| | National Geographic | RTIE | Sports Middle School | High School Band | Wireless Classroom Initiative | Perkins Odd Year | Pre-K Grant | Total Special Revenue Funds |
|--|------------------------|-----------------|----------------------------|------------------------|-------------------------------------|------------------------|---------------------|--------------------------------------|
| Revenues | | | | | | | | |
| Intergovernmental revenues | \$ - | \$ 2,000 | \$ 49,037 | \$ - | \$ 186,086 | | | \$ 5,058,143 |
| Charges for services | - | - | | - | - | - | - | - |
| Contributions and private grants | - | - | - | | - | - | - | 154,250 |
| Total revenues | <u>-</u> | <u>2,000</u> | <u>49,037</u> | <u>-</u> | <u>186,086</u> | <u>-</u> | <u>-</u> | <u>5,212,393</u> |
| Expenditures | | | | | | | | |
| Education | - | 376 | 38,537 | 4,447 | 186,086 | 3,606 | 442,242 | 5,667,890 |
| Total expenditures | <u>-</u> | <u>376</u> | <u>38,537</u> | <u>4,447</u> | <u>186,086</u> | <u>3,606</u> | <u>442,242</u> | <u>5,667,890</u> |
| Excess revenues over (under) expenditures | - | 1,624 | 10,500 | (4,447) | - | (3,606) | (442,242) | (455,497) |
| Fund balances (deficit) - restricted November 1, 2015 | | | 967 | 5,475 | - | - | - | 319,584 |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ -</u> | <u>\$ 1,624</u> | <u>\$ 11,467</u> | <u>\$ 1,028</u> | <u>\$ -</u> | <u>\$ (3,606)</u> | <u>\$ (442,242)</u> | <u>\$ (135,913)</u> |

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Capital Projects Funds
October 31, 2016

| | 2002 Bond Miscellaneous Projects | 2001 Bond Economic Development | Vintner Avenue Playground | 2007 Public Works BAN | Capital Projects Fund | Water Renewal and Replace | Water Rate Stabilization Fund | School RIHEBC Leases | State Road and Bridge Fund | Total Capital Project Funds |
|--|--|--------------------------------------|---------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------------|----------------------------|----------------------------------|--------------------------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 913,801 | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ 913,801 |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - |
| Internal balances | 897,817 | - | - | 574,308 | 1,017,380 | 389,021 | 121,000 | - | - | 2,999,526 |
| Prepaid expenditures | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 897,817 | \$ 913,801 | \$ - | \$ 574,308 | \$ 1,017,380 | \$ 389,021 | \$ 121,000 | \$ - | \$ - | \$ 3,913,327 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ - | \$ - | \$ 5,215 | | | | | | \$ 5,215 |
| Internal balances | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | 5,215 | - | - | - | - | - | 5,215 |
| Fund balances - restricted | 897,817 | 913,801 | - | 569,093 | 1,017,380 | 389,021 | 121,000 | - | - | 3,908,112 |
| Total fund balances (deficit) | 897,817 | 913,801 | - | 569,093 | 1,017,380 | 389,021 | 121,000 | - | - | 3,908,112 |
| Total liabilities and fund balances | \$ 897,817 | \$ 913,801 | \$ - | \$ 574,308 | \$ 1,017,380 | \$ 389,021 | \$ 121,000 | \$ - | \$ - | \$ 3,913,327 |

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Capital Project Funds
For the Fiscal Year Ended October 31, 2016

| | 2002 Bond Miscellaneous Projects | 2001 Bond Economic Development | Vintner Avenue Playground | 2007 Public Works BAN | Capital Projects Fund | Water Renewal and Replace | Water Rate Stabilization Fund | School RIHEBC Leases | State Road and Bridge Fund | Total Capital Project Funds |
|---|--|--------------------------------------|---------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------------------|----------------------------|----------------------------------|--------------------------------------|
| Revenues | | | | | | | | | | |
| Federal and state aid and grants | \$ 379,871 | \$ - | \$ - | \$ 34,624 | \$ 1,017,380 | \$ 389,021 | \$ 121,000 | \$ - | \$ - | \$ 1,941,896 |
| Charges for services | - | - | - | - | - | - | - | - | - | - |
| Fines and penalties | - | - | - | - | - | - | - | - | - | - |
| Investment and interest income | - | - | - | - | - | - | - | - | - | - |
| Contributions and private grants | - | - | - | - | - | - | - | - | - | - |
| Other revenue | - | - | - | - | - | - | - | - | - | - |
| Total revenues | <u>379,871</u> | <u>-</u> | <u>-</u> | <u>34,624</u> | <u>1,017,380</u> | <u>389,021</u> | <u>121,000</u> | <u>-</u> | <u>-</u> | <u>1,941,896</u> |
| Expenditures | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - | - |
| Public works | - | - | - | 998,678 | - | - | - | - | - | 998,678 |
| Parks and recreation | - | - | - | - | - | - | - | - | - | - |
| Public libraries | - | - | - | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | 484,124 | - | - | 484,124 |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>998,678</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>484,124</u> | <u>-</u> | <u>1,482,802</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | 379,871 | - | - | (964,054) | 1,017,380 | 389,021 | 121,000 | (484,124) | - | 459,094 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers from other funds | - | - | - | - | - | - | - | - | - | - |
| Transfers (to) other funds | - | - | (3,007) | - | - | - | - | - | - | (3,007) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(3,007)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,007)</u> |
| Excess of revenues and other sources over (under) expenditures | 379,871 | - | (3,007) | (964,054) | 1,017,380 | 389,021 | 121,000 | (484,124) | - | 456,087 |
| Fund balances (deficit) - restricted November 1, 2015 | 517,946 | 913,801 | 3,007 | 1,533,147 | - | - | - | 484,124 | - | 3,452,025 |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 897,817</u> | <u>\$ 913,801</u> | <u>\$ -</u> | <u>\$ 569,093</u> | <u>\$ 1,017,380</u> | <u>\$ 389,021</u> | <u>\$ 121,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,908,112</u> |

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Permanent Funds
October 31, 2016

| | <u>Nancy W Miller Fund</u> | <u>George Bucklin Fund</u> | <u>Lakeside Springvale</u> | <u>Little Neck Cemetery</u> | <u>FBO Newman</u> | <u>Total Permanent Funds</u> |
|--|------------------------------------|------------------------------------|--------------------------------|---------------------------------|-----------------------|--------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 54,404 | \$ - | \$ 54,404 |
| Internal balances | 1,620 | 15,111 | 9,994 | - | 14,085 | 40,810 |
| Total assets | <u>\$ 1,620</u> | <u>\$ 15,111</u> | <u>\$ 9,994</u> | <u>\$ 54,404</u> | <u>\$ 14,085</u> | <u>\$ 95,214</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Internal balances | \$ - | \$ - | \$ - | \$ 49,050 | \$ - | \$ 49,050 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>49,050</u> | <u>-</u> | <u>49,050</u> |
| Fund balances - nonspendable | 1,620 | 15,111 | 9,994 | 5,354 | 14,085 | 46,164 |
| Total fund balances (deficit) | <u>1,620</u> | <u>15,111</u> | <u>9,994</u> | <u>5,354</u> | <u>14,085</u> | <u>46,164</u> |
| Total liabilities and fund balances | <u>\$ 1,620</u> | <u>\$ 15,111</u> | <u>\$ 9,994</u> | <u>\$ 54,404</u> | <u>\$ 14,085</u> | <u>\$ 95,214</u> |

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Permanent Funds
For the Fiscal Year Ended October 31, 2016

| | <u>Nancy W Miller Fund</u> | <u>George Bucklin Fund</u> | <u>Lakeside Springvale</u> | <u>Little Neck Cemetery</u> | <u>FBO Newman</u> | <u>Total Permanent Funds</u> |
|---|------------------------------------|------------------------------------|--------------------------------|---------------------------------|-----------------------|--------------------------------------|
| Revenues | | | | | | |
| Investment and interest income | \$ - | \$ - | \$ - | \$ 5 | \$ - | \$ 5 |
| Contributions and private grants | - | - | - | 2,500 | - | 2,500 |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,505</u> | <u>-</u> | <u>2,505</u> |
| Expenditures | | | | | | |
| General government | - | - | - | 6,675 | - | 6,675 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,675</u> | <u>-</u> | <u>6,675</u> |
| Excess (deficiency) of revenues over (under) expenditures before other financing sources | - | - | - | (4,170) | - | (4,170) |
| Fund balances (deficit) - restricted November 1, 2015 | <u>1,620</u> | <u>15,111</u> | <u>9,994</u> | <u>9,524</u> | <u>14,085</u> | <u>50,334</u> |
| Fund balances (deficit) - restricted October 31, 2016 | <u>\$ 1,620</u> | <u>\$ 15,111</u> | <u>\$ 9,994</u> | <u>\$ 5,354</u> | <u>\$ 14,085</u> | <u>\$ 46,164</u> |

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Net Position
Agency Funds
For the Fiscal Year Ending October 31, 2016

| | Escrow Pending Forfeiture | Waterfront Commission | Contractor's Escrow Account | Dolly Searle Scholarship Account | Student Activities Fund | Total Agency Funds |
|--------------------------------------|--|----------------------------------|--|---|--|-----------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ 793 | \$ - | \$ 35,359 | | \$ 36,152 |
| Investments | - | - | - | - | - | - |
| Other assets | 4,334 | 2,869 | 110,402 | - | - | 117,605 |
| Total assets | \$ 4,334 | \$ 3,662 | \$ 110,402 | \$ 35,359 | \$ - | \$ 153,757 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Other liabilities | \$ - | \$ - | | \$ 100 | \$ - | \$ 100 |
| Deposits held in custody for others | 4,334 | 3,662 | 110,402 | 35,259 | - | 153,657 |
| Total liabilities | \$ 4,334 | \$ 3,662 | \$ 110,402 | \$ 35,359 | \$ - | \$ 153,757 |

**SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED October 31, 2016**

REAL ESTATE AND PERSONAL PROPERTY TAXES

| Tax Roll Year | Balance November 1, 2016 | Current Year Assessment | Additions and Adjustments | Discounts, Abatements and Adjustments | Amount to be Collected | Collections | Balance October 31, 2016 |
|------------------------------|-------------------------------------|------------------------------------|--|--|---------------------------------------|-----------------------|-------------------------------------|
| 2016 | \$ - | \$ 104,395,379 | \$ 270,033 | \$ 1,535,278 | \$ 103,130,134 | \$ 79,271,005 | \$ 23,859,129 |
| 2015 | 24,278,766 | - | 278,413 | 83,960 | 24,473,218 | 22,395,842 | 2,077,376 |
| 2014 | 1,770,497 | - | 8,271 | 7,037 | 1,771,731 | 1,047,328 | 724,403 |
| 2013 | 697,051 | - | 1,196 | 21,923 | 676,324 | 205,510 | 470,814 |
| 2012 | 331,075 | - | - | 2,197 | 328,878 | 42,264 | 286,613 |
| 2011 | 322,269 | - | 898 | 1,704 | 321,463 | 14,335 | 307,128 |
| 2010 & Prior Prepayments | 835,482 | - | - | 42,674 | 792,808 | 9,259 | 783,549 |
| | - | - | - | - | - | - | - |
| | <u>\$ 28,235,140</u> | <u>\$ 104,395,379</u> | <u>\$ 558,811</u> | <u>\$ 1,694,774</u> | <u>\$ 131,494,556</u> | <u>\$ 102,985,544</u> | <u>\$ 28,509,012</u> |

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

| Description of Property | Valuations | Levy |
|--------------------------------|-------------------------|-----------------------|
| Real property residential | \$ 2,736,840,800 | \$ 52,755,792 |
| Real property commercial | 1,096,282,500 | 27,012,223 |
| Motor vehicles | 350,426,344 | 10,381,202 |
| Tangible personal | 265,477,080 | 14,246,162 |
| <i>Total</i> | 4,449,026,724 | 104,395,379 |
| Exemptions | 443,769,510 | - |
| <i>Net assessed value</i> | <u>\$ 4,005,257,214</u> | <u>\$ 104,395,379</u> |
| <i>Current year assessment</i> | | <u>\$ 104,395,379</u> |

CITY OF EAST PROVIDENCE

SINGLE AUDIT SECTION

**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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of East Providence (City), Rhode Island, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the City of East Providence, Rhode Island's basic financial statements and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses as items **2016-1** through **2016-3**.

Compliance and Other Matters

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

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

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

Purpose of This Report

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

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
February 28, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of East Providence's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended October 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to each major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended October 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items **2016-4** and **2016-5**. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items **2016-4** and **2016-5** that we consider to be material weaknesses.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City of East Providence, (City) Rhode Island as of and for the year ended October 31, 2016, and have issued our report thereon dated February 28, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Parmelee Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
February 28, 2018

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2016

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| <i>Passed through State of Rhode Island Department of Education:</i> | | | |
| <i>Child Nutrition Cluster:</i> | | | |
| National School Lunch Program | 10.555 | N/A | \$ 2,062,022 |
| Fresh Fruit and Vegetable Program | 10.553 | 2725-17602-030 | 84,110 |
| Total U.S. Department of Agriculture | | | \$ 2,146,132 |
| U.S. Department of Housing and Urban Development: | | | |
| <i>Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development</i> | | | |
| Community Development Block Grant/State Program | 14.218 | B11-MC-44-0006 | \$ 672,736 |
| Total U.S. Department of Housing and Urban Development | | | \$ 672,736 |
| U.S. Department of Justice: | | | |
| Federal Seized Assets | 16.922 | N/A | \$ 334,917 |
| Byrne/ JAG Grant | 16.738 | N/A | 18,845 |
| Total U.S. Department of Justice | | | \$ 334,917 |
| U.S. Department of Education: | | | |
| <i>Passed through State of Rhode Island Department of Education:</i> | | | |
| <i>Special Education Cluster:</i> | | | |
| Title I Grants to Local Education Agencies | 84.010 | 2725-11702-201 | \$ 1,569,927 |
| <i>Special Education Cluster:</i> | | | |
| Special Education Grants to States | 84.027 | 2725-13202-201 | 2,079,085 |
| Special Education Preschool Grants | 84.173 | 2725-13502-201 | 31,051 |
| English Language Acquisition Grants | 84.365 | 2725-16502-201 | 46,518 |
| Improving Teacher Quality State Grants | 84.367 | 2725-16402-201 | 425,948 |
| <i>Passed through the City of East Providence Public School System State of Rhode Island</i> | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 2725-16502-101 | 278,403 |
| Total U.S. Department of Education | | | \$ 4,430,932 |
| U.S. Department of Homeland Security: | | | |
| <i>Direct Program:</i> | | | |
| Station Construction | 97.115 | N/A | 250,406 |
| Total U.S. Department of Homeland Security | | | \$ 250,406 |
| Total Expenditures of Federal Awards | | | \$ 7,835,123 |

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? X yes no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? X yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X yes no

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i> |
|-----------------------|--|
| | <i>Child Nutrition Cluster</i> |
| 10.555 | National School Lunch Program |
| 10.553 | School Breakfast Program |
| 84.010 | Title I Grants to Local Educational Agencies |
| | <i>Special Education Cluster</i> |
| 84.027 | Special Education Grants to States |
| 84.173 | Special Education Preschool Grants |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? yes X no

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2016

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

2016-1 Finding: All school special revenue cash is physically pooled into one bank account. The bank reconciliation for this account is performed by the City and is recorded on the City's books. This record is meant to mirror activity that takes place on the School's general ledger. Periodic reconciliations between the City and the School's books had not taken place.

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

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

Update: This finding was not resolved as of October 31, 2016 but has been resolved as of the report date February 28, 2018.

2016-2 Finding: Although the City does have policies and procedures in place to properly maintain and account for capital assets, the City has not performed a physical inventory of these items in several years. Certain federal grants require the City to perform a physical inventory of assets purchased with federal funds.

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

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

Update: This finding was not resolved as of October 31, 2016 but has been resolved as of the report date February 28, 2018.

2016-3 Finding: The School department general ledger accounts were not reconciled to supporting documentation and/or subsidiary ledger. In addition, the former school director of finance in Fiscal year 2016 reported financial information based upon unreconciled numbers.

Recommendation: All general ledger accounts should be reconciled monthly to insure the accounts accurately reflect the assets and liabilities of the school department.

Response: The school department will reconcile each balance sheet item on a monthly basis to mitigate discrepancies. This will be reviewed by the school director of finance.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2016

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

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2016-4 Finding: Equipment records must be maintained and a physical inventory of equipment must be performed at least once every 2 years and compared to the equipment records for equipment purchased with Federal grant funds that has a per unit cost of \$5,000 or more and a useful life of at least one year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last two years for equipment purchased with Federal grant funds.

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

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

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

Update: This finding was not resolved as of October 31, 2016 but has been resolved as of the report date February 28, 2018.

2016-5 Finding: Rhode Island Department of Education Time Certification forms must be completed for all employees working certain federal grant programs. These grant programs include Title I, Title II, Title III, Special Education Grants to States, and Special Education Preschool Grants. Each form must include the specific federal grant program, the percentage of schedule time that the employee spent on the program in the specified time period, a signature from the employee, and a signature from the supervisor.

Program: Title I Grants to Local Educational Agencies 84.010, Title II Improving Teacher Quality 84.367, Title III Strengthening Institutions Program 84.365, Special Education Grants to States 84.027, Special Education Preschool Grants 84.173

Recommendation: We recommend that the City prepare and keep record of Pro-Forma Time Certification forms for every employee, including full-time scheduled, that works in the following grant programs; Title I, Title II, Title III, Special Education Grants to States, and Special Education Preschool Grants.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2016

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS

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

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

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

Current Status: Please see current year finding **2016-1**.

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

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

Response: The City will record the RIHEBC lease activity.

Current Status: Resolved

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

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

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

Current Status: Resolved

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

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

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

Current Status: Please see current year finding **2016-2**.

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2016

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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

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

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

Current Status: Please see current year finding 2016-4.

CITY OF EAST PROVIDENCE
Notes to Schedule of Expenditures of Federal Awards
October 31, 2016

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of East Providence, Rhode Island. All federal awards received from federal agencies are included on the Schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of East Providence. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended October 31, 2016, grants with expenditures exceeding \$750,000 were determined to be Type A programs and all other grants were considered Type B programs. For the fiscal year ended October 31, 2016, the following programs were considered a major program:

| | |
|-------------------------------|--------------|
| Child Nutrition Cluster: | |
| National School Lunch Program | CFDA #10.555 |
| School Breakfast Program | CFDA #10.553 |
| IDEA Cluster: | |
| IDEA Part B | CFDA #84.027 |
| IDEA Sec 619 – Preschool | CFDA #84.173 |
| Title 1 | CFDA #84.010 |
| Child Nutrition Cluster: | |
| National School Lunch Program | CFDA #10.555 |
| School Breakfast Program | CFDA #10.553 |