

**CITY OF EAST
PROVIDENCE,
RHODE ISLAND**

**FINANCIAL STATEMENTS
OCTOBER 31, 2017**

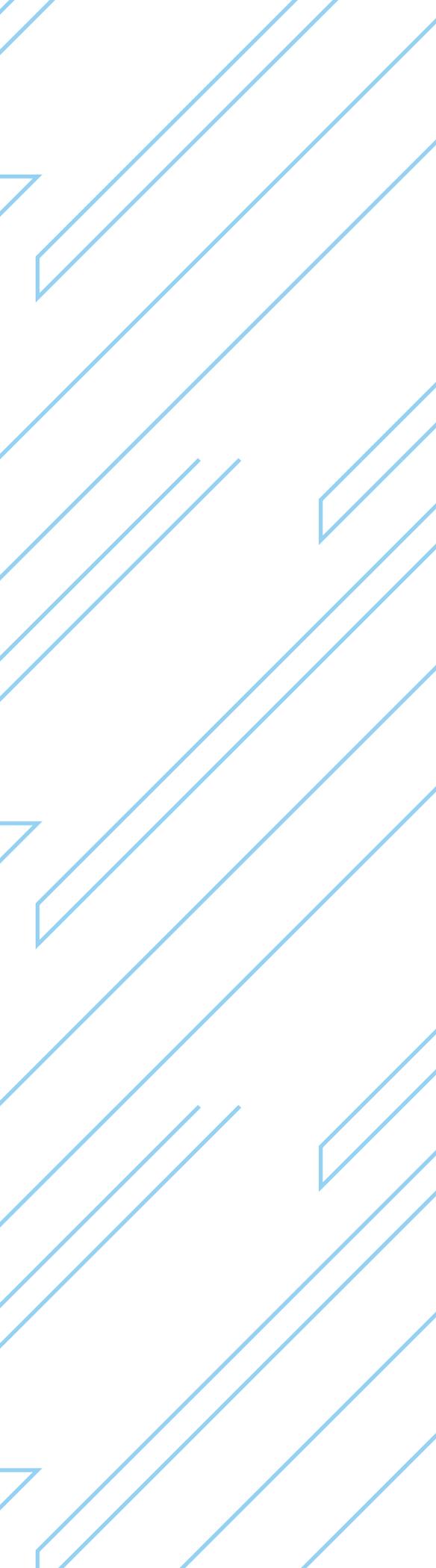
CITY OF EAST PROVIDENCE, RHODE ISLAND
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Introductory Section

PRINCIPAL OFFICIALS
City of East Providence, Rhode Island

CITY COUNCIL

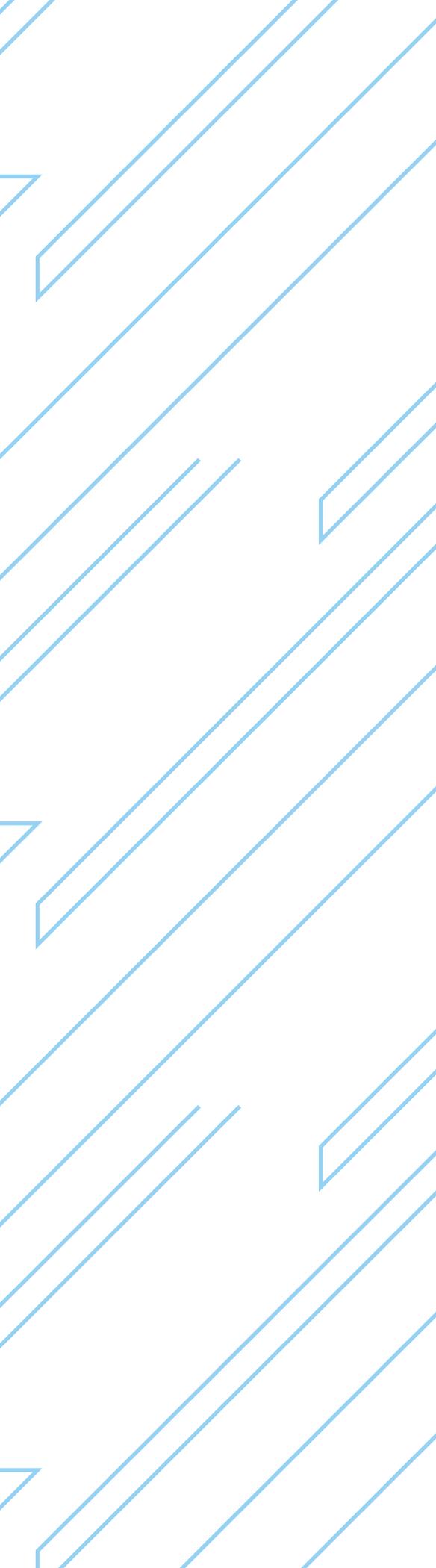
James A. Briden, Mayor
Joseph A. Botelho, Jr.
Brian J. Faria

Robert Britto, Assistant Mayor
Anna M. Sousa

DEPARTMENT DIRECTORS

Acting City Manager
Finance Director
City Solicitor
Police Chief
Fire Chief
Director of Public Works
Superintendent of Schools
School Director of Finance

Christopher J. Parella
Malcolm Moore
Gregory Dias
Christopher J. Parella
Oscar M. Elmasian
Stephen Coutu
Kathryn Crowley
Craig Enos



Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of and for the year ended October 31, 2017, and the related notes to the financial statements, which collectively comprise the City of East Providence, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of East Providence, Rhode Island, as of October 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustments

As discussed in Note 13 to the financial statements, during the fiscal year ended October 31, 2017, the City of East Providence, Rhode Island, restated beginning net position and/or fund balance of Governmental Activities, Business-Type Activities, the Water Fund, the WPC Fund, the School Unrestricted Fund, Nonmajor Governmental Funds and the OPEB Trust Fund. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, during the fiscal year ended October 31, 2017, the City of East Providence, Rhode Island, adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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, which 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

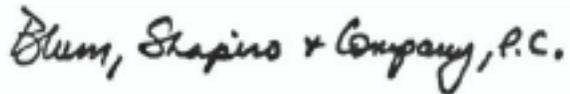
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Providence, Rhode Island's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules are presented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

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

The introductory section 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2019 on our consideration of the City of East Providence, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City of East Providence, Rhode Island's 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, Rhode Island's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Blum, Shapiro & Company, P.C." followed by a vertical line.

Cranston, Rhode Island
February 22, 2019

**CITY OF EAST PROVIDENCE, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2017**

As management of the City of East Providence, Rhode Island (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended October 31, 2017.

Financial Highlights

- The liabilities and deferred inflows of resources of the City's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$95,852,020 (net position). Business-type activity assets and deferred outflows exceeded liabilities by \$34,041,814 at year end. On a government-wide basis, liabilities and deferred inflows exceeded assets and deferred outflows by \$61,810,206.
- The City's total net position increased by \$4,124,128. This was primarily due to the increase in state aid and property tax revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,921,047, an increase of \$7,133,034 in comparison with the prior year. The increase is due to bond issuance proceeds and favorable operations in the general fund.
- At the end of the fiscal year, the unassigned fund balance for the General Fund was \$13,925,027 or 12.0% of total General Fund expenditures and transfers out.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources less liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, judicial, and administrative; financial administration; assessor's office; public safety; public works; human resources; miscellaneous; planning and assessment board' library; education; other; interest on long-term debt; and debt issuance costs. The business-type activities of the City include both water and sewer operations.

The government-wide financial statements can be found on Exhibits I and II.

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds and 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 governmental activities.

The City maintains fifty plus individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and School Unrestricted Fund. Data from the remaining governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements later in this report. The basic governmental fund financial statements can be found on pages 15 through 18 of this report. Details of the combined governmental funds can be found on pages 97 through 120.

Proprietary Funds

The City maintains one type of proprietary 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 operations and its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the water operations and for the sewer operations, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on Exhibits V, VI and VII.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

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 can be found on pages 24-79.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees and the budgetary information for the General Fund and School Unrestricted Fund.

The individual and combining statements and other schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$61,810,205 at the close of the fiscal year.

City of East Providence, Rhode Island
October 31, 2017 and 2016

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|----------------------------------|--------------------------------|-------------------------|---------------------------------|----------------------|------------------------|------------------------|
| | <u>2016</u> | | <u>2016</u> | | <u>2016</u> | |
| | <u>2017</u> | <u>(as Restated)</u> | <u>2017</u> | <u>(as restated)</u> | <u>2017</u> | <u>(as Restated)</u> |
| Current and other assets | \$ 101,603,864 | \$ 99,007,843 | \$ 13,210,097 | \$ 17,752,059 | \$ 114,813,961 | \$ 116,759,902 |
| Capital assets | 93,651,110 | 88,335,921 | 97,279,419 | 96,372,802 | 190,930,529 | 184,708,723 |
| Other assets | | 124,470 | | | - | 124,470 |
| Total Assets | <u>195,254,974</u> | <u>187,468,234</u> | <u>110,489,516</u> | <u>114,124,861</u> | <u>305,744,490</u> | <u>301,593,095</u> |
| Deferred outflows of resources | <u>51,013,604</u> | <u>48,946,699</u> | <u>553,695</u> | <u>255,853</u> | <u>51,567,299</u> | <u>49,202,552</u> |
| Other liabilities | 21,508,553 | 20,173,513 | 5,012,610 | 2,265,035 | 26,521,163 | 22,438,548 |
| Long-term liabilities | <u>257,234,056</u> | <u>252,724,205</u> | <u>71,705,547</u> | <u>77,192,271</u> | <u>328,939,603</u> | <u>329,916,476</u> |
| Total Liabilities | <u>278,742,609</u> | <u>272,897,718</u> | <u>76,718,157</u> | <u>79,457,306</u> | <u>355,460,766</u> | <u>352,355,024</u> |
| Deferred inflows of resources | <u>63,377,989</u> | <u>64,231,883</u> | <u>283,240</u> | <u>143,073</u> | <u>63,661,229</u> | <u>64,374,956</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 51,882,768 | 51,673,612 | 24,824,513 | 24,315,646 | 76,707,281 | 75,989,258 |
| Restricted | 47,498 | 4,924,612 | | | 47,498 | 4,924,612 |
| Unrestricted | <u>(147,782,286)</u> | <u>(157,312,892)</u> | <u>9,217,301</u> | <u>10,464,689</u> | <u>(138,564,985)</u> | <u>(146,848,203)</u> |
| Total Net Position | <u>\$ (95,852,020)</u> | <u>\$ (100,714,668)</u> | <u>\$ 34,041,814</u> | <u>\$ 34,780,335</u> | <u>\$ (61,810,206)</u> | <u>\$ (65,934,333)</u> |

The largest portion of the City's net position, \$76,707,281, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure) less any related debt and related liabilities 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.

Governmental Activities

Already noted was the statement of activities' purpose in presenting information on how the City's net position changed during the most recent fiscal year. A summary of changes in net position follows. For the fiscal year, net position increased by \$4,862,647. The increase was due to an overall increase in property tax revenues and state aid during the current year.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures, while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

**City of East Providence, Rhode Island
Statement of Changes in Net Position
October 31, 2017 and 2016**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------------|--------------------------|----------------------|------------------------|------------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 8,712,748 | \$ 6,721,458 | \$ 20,496,967 | \$ 22,868,075 | \$ 29,209,715 | \$ 29,589,533 |
| Operating grants and contributions | 51,682,842 | 49,902,224 | | | 51,682,842 | 49,902,224 |
| Capital grants and contributions | 9,275 | 425,647 | | | 9,275 | 425,647 |
| General Revenues: | | | | | | |
| Property taxes | 104,753,365 | 103,561,835 | | | 104,753,365 | 103,561,835 |
| Motor vehicle phase-out taxes | 516,914 | 501,297 | | | 516,914 | 501,297 |
| Grants and contributions not restricted to specific programs | 2,086,430 | 2,111,679 | | | 2,086,430 | 2,111,679 |
| Investment income | 150,206 | 4,854 | 32,306 | | 182,512 | 4,854 |
| Miscellaneous | 202,693 | | | | 202,693 | - |
| Total revenues | <u>168,114,473</u> | <u>163,228,994</u> | <u>20,529,273</u> | <u>22,868,075</u> | <u>188,643,746</u> | <u>186,097,069</u> |
| Program Expenses: | | | | | | |
| General government | 8,283,416 | 15,912,061 | | | 8,283,416 | 15,912,061 |
| Public safety | 40,297,864 | 40,543,222 | | | 40,297,864 | 40,543,222 |
| Public works | 10,693,181 | 10,659,761 | | | 10,693,181 | 10,659,761 |
| Public libraries | 2,644,445 | 1,425,190 | | | 2,644,445 | 1,425,190 |
| Parks and recreation | 1,376,536 | 2,800,726 | | | 1,376,536 | 2,800,726 |
| Sanitation | 2,699,827 | 2,250,910 | | | 2,699,827 | 2,250,910 |
| Education | 95,872,995 | 90,467,449 | | | 95,872,995 | 90,467,449 |
| Debt service | 1,383,561 | 1,240,684 | | | 1,383,561 | 1,240,684 |
| Water Fund expenses | | | 8,345,858 | 7,713,035 | 8,345,858 | 7,713,035 |
| WPC Fund expenses | | | 12,921,936 | 12,802,666 | 12,921,936 | 12,802,666 |
| Total expenses | <u>163,251,825</u> | <u>165,300,003</u> | <u>21,267,794</u> | <u>20,515,701</u> | <u>184,519,619</u> | <u>185,815,704</u> |
| Excess (deficiency) before transfers | 4,862,648 | (2,071,009) | (738,521) | 2,352,374 | 4,124,127 | 281,365 |
| Transfers | - | (43,688) | - | 43,688 | - | - |
| Change in net position | 4,862,648 | (2,114,697) | (738,521) | 2,396,062 | 4,124,127 | 281,365 |
| Net Position - Beginning of Year | (100,714,668) | (101,731,782) | 34,780,335 | 36,812,265 | (65,934,333) | (64,919,517) |
| Restatement | | 3,131,811 | | (4,427,992) | - | (1,296,181) |
| Net Position - End of Year | <u>\$ (95,852,020)</u> | <u>\$ (100,714,668)</u> | <u>\$ 34,041,814</u> | <u>\$ 34,780,335</u> | <u>\$ (61,810,206)</u> | <u>\$ (65,934,333)</u> |

- Significant changes from the prior year for revenues are as follows:
 - Property tax revenues increased \$1,191,530 due to a tax increase and improved collection practices.
 - Charges for services increased \$1,991,290 due to the inclusion of school lunch and the increase demand for housing and housing practices.

Revenues

Governmental activities revenues totaled \$168,114,473 for the fiscal year. Property taxes are the largest revenue source for the City and represent 62.3 % of governmental revenues. Operating grants and contributions revenues are the City's second largest revenue. Operating grants and contributions revenues include grants for education, general government, libraries and various other functions.

Operating grants and contributions revenues account for 30.7% of governmental revenues for the year. Charges for services accounts for 5.2% of governmental revenues and includes revenues from various sources including but not limited to police details, fire rescue services, property tax interest and liens, and permits and recording fees. Grants and contributions not restricted to specific programs account for 1.6 %. Investment income represents roughly 0.1 % of governmental revenue. Miscellaneous revenues represent 0.1% of governmental revenues.

Expenses

Significant changes from the prior year are as follows:

- Education expenses increased by \$5,405,546 due to increases in salaries, benefits and purchased services.
- General government expenses decreased by \$7,628,645 due to a change in allocation of expenses across functions.

Governmental activities expenses totaled \$163,251,825 for the fiscal year. Of the expenditures, 58.7% was for education. Public safety expenses amounted to 24.7%, while public works amounted to 6.6%. Sanitation expenses were 1.6 % Library expenses were 1.6%. Park and recreation expenses were 0.8%. Interest expense was 0.9 %. General government expenses were 5.1%

Business-Type Activities

Revenues

General revenues do not support the City's business-type activities; thus, the largest source of revenues comes from charges for services and operating grants. Of the \$20,529,273 in revenues from the Water Fund and the WPC Fund, 99.8% comes from charges for services. Investment income makes up the final 0.2% of revenues for the City's business activities.

Expenses

Business-type expenses totaled \$21,267,794, \$8,345,858 and \$12,921,936 for the Water Fund and the WPC Fund, respectively, for the fiscal year ended October 31, 2017.

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, the unassigned fund balance of \$13,650,541 may serve as a valuable assessment of a government's net resources available for spending at the end of the fiscal year. As of October 31, 2017, the City's governmental funds reported combined ending fund balances of \$48,921,047.

The General Fund is the chief operating fund of the City, excluding its school department. As of October 31, 2017, the total fund balance of the general fund was \$32,193,072 of which \$17,542,592 was assigned and \$13,925,027 was unassigned. The City's General Fund also has \$725,453 of nonspendable fund balance as of October 31, 2017.

The fund balance of the General Fund increased by \$2,251,433 in fiscal year 2017. Actual revenues and exceeded budgeted revenues by \$1,207,045 (see RSI-1). Departmental revenues exceeded budgetary estimates by \$827,358. Total expenditures were \$3,879,401 less than appropriated amounts (see RSI-1). The largest portion of this was debt service expenditures coming in \$2,265,386 under the budgeted amount.

The School Unrestricted Fund is the principal operating fund of the school department. Revenues are derived principally from City appropriations and state aid supplemented by certain miscellaneous revenues, principally federal Medicaid reimbursements. Expenditures for education totaled \$84,805,717 including a state on-behalf payment to pension funds of \$3,408,000 on behalf of the school department.

Proprietary Funds

The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The City's enterprise funds posted an overall decrease in net position of \$738,521 for the fiscal year. This was primarily due to a decrease in revenues as a result of lower than expected water usage.

Water Fund

Unrestricted net position of the Water Control Fund at the end of the year amounted to \$4,381,094.

WPC Fund

Unrestricted net deficit of the Sewer Fund at the end of the year amounted to \$4,836,207.

General Fund Budgetary Highlights

Overall the City finished the 2016-2017 fiscal year with a budgetary surplus of \$2,251,433

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 88.9% of total budgetary revenues.

Major Expenditure Factors:

Education Expense accounts for approximately 40.2% of the total budgetary expenditures within the General Fund of the City, Public Safety representing 31.1%, Public Works representing 7.0%, General Government representing 5.4% and the remaining functions represent 16.3%.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities at year-end amounts to \$190,930,529 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, vehicles, equipment, infrastructure, and construction in progress. The increase in the City's net investment in capital assets for the current fiscal year was \$6,221,806 as capital asset additions of \$14,330,459 exceeded depreciation of \$8,108,653.

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Land | \$ 4,142,523 | \$ 4,076,963 | \$ 3,328,334 | \$ 3,328,334 | \$ 7,470,857 | \$ 7,405,297 |
| Construction in progress | 7,159,930 | 992,736 | 16,964,969 | 13,729,895 | 24,124,899 | 14,722,631 |
| Land and improvements | 626,594 | 668,534 | 7,629 | 11,262 | 634,223 | 679,796 |
| Buildings and improvements | 57,466,984 | 59,476,193 | 65,959,193 | 67,974,737 | 123,426,177 | 127,450,930 |
| Infrastructure | 14,574,631 | 15,000,433 | 8,655,127 | 9,058,079 | 23,229,758 | 24,058,512 |
| Machinery and equipment | 5,704,368 | 5,470,381 | 2,218,051 | 2,094,133 | 7,922,419 | 7,564,514 |
| Vehicles | 3,976,080 | 2,650,681 | 146,116 | 176,362 | 4,122,196 | 2,827,043 |
| Total | \$ 93,651,110 | \$ 88,335,921 | \$ 97,279,419 | \$ 96,372,802 | \$ 190,930,529 | \$ 184,708,723 |

Major additions to the City's capital assets related to its governmental fund activities realized during the year, included upgrades to the water tank (\$3.5 million) and the infrastructure at the Kettle Point Project (\$6.5 million).

Additional information on the City's capital assets can be found on pages 37 and 38.

Long-Term Debt

At the end of the current fiscal year, the City has total bonds and notes outstanding of \$116,469,255. In addition, the City had capital lease commitments outstanding of \$1,361,274. State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total equalized valuation.

City of East Providence, Rhode Island Bonds and Notes Payable October 31, 2017 and 2016

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2017 | 2016 (as Restated) | 2017 | 2016 (as Restated) | 2017 | 2016 (as Restated) |
| Bonds and notes payable | \$ 44,014,349 | \$ 37,165,490 | \$ 72,454,906 | \$ 74,292,406 | \$ 116,469,255 | \$ 111,457,896 |
| Capital leases payable | 1,361,274 | | | | 1,361,274 | - |
| Unamortized bond premiums | 566,427 | 63,782 | | | 566,427 | 63,782 |
| Total | \$ 45,942,050 | \$ 37,229,272 | \$ 72,454,906 | \$ 74,292,406 | \$ 118,396,956 | \$ 111,521,678 |

The City currently has an “AA” rating from Standard and Poor’s and an “A2” rating from Moody’s for general obligation debt.

The current debt limitation for the City is approximately \$120,143,813 based on a net assessed value of \$4,004,793,750 at December 31, 2016, which significantly exceeds the City’s current outstanding general obligation debt subject to the limitation.

Additional information on the City’s long-term debt can be found on pages 39 through 42.

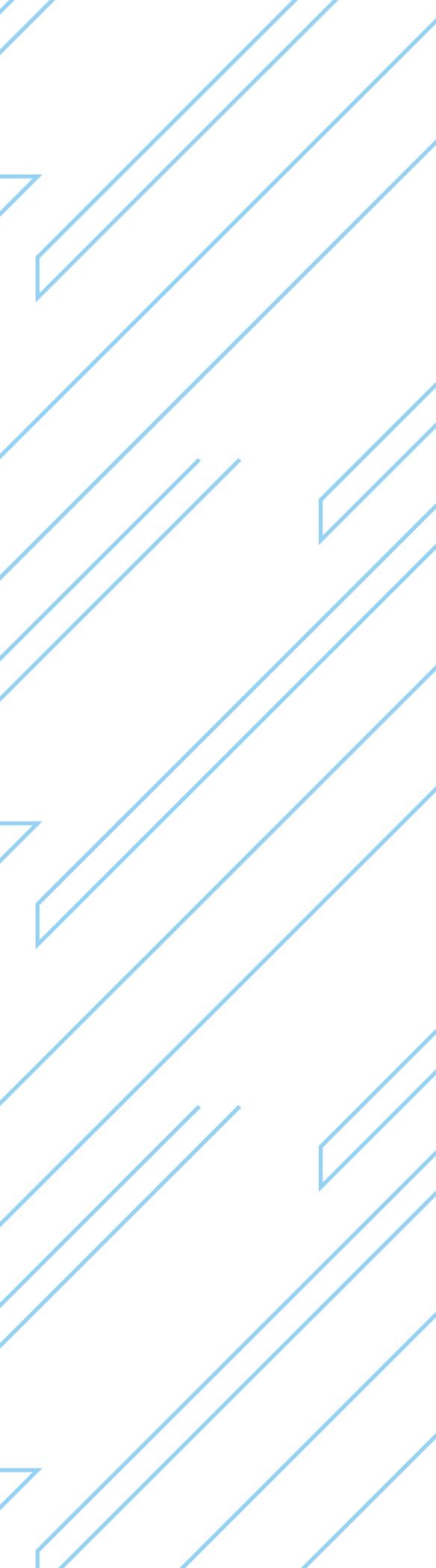
Next Year’s Budget and Rates

The City’s elected and appointed officials considered many factors when setting the fiscal year 2017-2018 budget. The City decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2017-2018 budget, the City recognized the need to continue its pattern of cost containment.

The 2017-2018 general fund budget is \$156,969,211 an increase of 2.95% over the prior year budget.

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 of the information provided in this report or requests for additional financial information should be addressed to the Finance Director’s Office, East Providence City Hall, 145 Taunton Avenue, East Providence, RI 02914.



Basic Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF NET POSITION
OCTOBER 31, 2017

EXHIBIT I

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 55,295,629 | \$ 2,545,135 | \$ 57,840,764 |
| Investments | 4,083,567 | 5,771,318 | 9,854,885 |
| Receivables: | | | |
| Property taxes, net | 29,820,317 | | 29,820,317 |
| User charges, net | | 3,299,539 | 3,299,539 |
| Intergovernmental | 2,197,193 | 2,167,910 | 4,365,103 |
| Other receivables | 1,285,987 | | 1,285,987 |
| Internal balances | 581,406 | (581,406) | - |
| Inventory | 43,070 | 7,601 | 50,671 |
| Prepaid items | 1,207,756 | | 1,207,756 |
| Total current assets | <u>94,514,925</u> | <u>13,210,097</u> | <u>107,725,022</u> |
| Noncurrent assets: | | | |
| Net OPEB asset | 108,954 | | 108,954 |
| Net pension asset | 6,979,985 | | 6,979,985 |
| Capital assets not being depreciated | 11,302,453 | 20,293,303 | 31,595,756 |
| Capital assets, net of accumulated depreciation | 82,348,657 | 76,986,116 | 159,334,773 |
| Total noncurrent assets | <u>100,740,049</u> | <u>97,279,419</u> | <u>198,019,468</u> |
| Total assets | <u>195,254,974</u> | <u>110,489,516</u> | <u>305,744,490</u> |
| Deferred Outflows of Resources: | | | |
| Deferred charge on refunding | 141,315 | | 141,315 |
| Deferred outflows related to pensions | 50,872,289 | 553,695 | 51,425,984 |
| Total deferred outflows of resources | <u>51,013,604</u> | <u>553,695</u> | <u>51,567,299</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 4,281,709 | 476,297 | 4,758,006 |
| Accrued payroll and related liabilities | 4,243,152 | 242,683 | 4,485,835 |
| Accrued interest payable | 760,036 | 416,130 | 1,176,166 |
| Unearned revenue | 7,147,543 | | 7,147,543 |
| Other liabilities | 101,157 | | 101,157 |
| Current portion of long-term obligations | 4,974,956 | 3,877,500 | 8,852,456 |
| Total current liabilities | <u>21,508,553</u> | <u>5,012,610</u> | <u>26,521,163</u> |
| Noncurrent liabilities: | | | |
| Long-term obligations due in more than one year | 257,234,056 | 71,705,547 | 328,939,603 |
| Total noncurrent liabilities | <u>257,234,056</u> | <u>71,705,547</u> | <u>328,939,603</u> |
| Total liabilities | <u>278,742,609</u> | <u>76,718,157</u> | <u>355,460,766</u> |
| Deferred Inflows of Resources: | | | |
| Related to pensions | 63,377,989 | 283,240 | 63,661,229 |
| Net Position: | | | |
| Net investment in capital assets | 51,882,768 | 24,824,513 | 76,707,281 |
| Restricted: | | | |
| Nonexpendable | 43,810 | | 43,810 |
| Expendable | 3,688 | | 3,688 |
| Unrestricted | <u>(147,782,286)</u> | <u>9,217,301</u> | <u>(138,564,985)</u> |
| Total Net Position | <u>\$ (95,852,020)</u> | <u>\$ 34,041,814</u> | <u>\$ (61,810,206)</u> |

The accompanying notes are an integral part of the financial statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT II

| Functions/Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 8,283,416 | \$ 3,837,105 | \$ 1,074,827 | \$ 9,275 | \$ (3,362,209) | | \$ (3,362,209) |
| Public safety | 40,297,864 | 3,750,172 | 387,364 | | (36,160,328) | | (36,160,328) |
| Public works | 10,693,181 | | | | (10,693,181) | | (10,693,181) |
| Public libraries | 2,644,445 | | 490,435 | | (2,154,010) | | (2,154,010) |
| Parks and recreation | 1,376,536 | 206,964 | 256,036 | | (913,536) | | (913,536) |
| Sanitation | 2,699,827 | | | | (2,699,827) | | (2,699,827) |
| Education | 95,872,995 | 918,507 | 49,474,180 | | (45,480,308) | | (45,480,308) |
| Debt service | 1,383,561 | | | | (1,383,561) | | (1,383,561) |
| Total governmental activities | <u>163,251,825</u> | <u>8,712,748</u> | <u>51,682,842</u> | <u>9,275</u> | <u>(102,846,960)</u> | <u>-</u> | <u>(102,846,960)</u> |
| Business-Type Activities: | | | | | | | |
| Water Fund expenses | 8,345,858 | 8,029,544 | | | | (316,314) | (316,314) |
| WPC Fund expenses | <u>12,921,936</u> | <u>12,467,423</u> | | | | <u>(454,513)</u> | <u>(454,513)</u> |
| Total business-type activities | <u>21,267,794</u> | <u>20,496,967</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(770,827)</u> | <u>(770,827)</u> |
| Total | \$ <u>184,519,619</u> | \$ <u>29,209,715</u> | \$ <u>51,682,842</u> | \$ <u>9,275</u> | <u>(102,846,960)</u> | <u>(770,827)</u> | <u>(103,617,787)</u> |
| General revenues: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 104,753,365 | | 104,753,365 |
| Motor vehicle phase-out taxes | | | | | 516,914 | | 516,914 |
| Grants and contributions not restricted to specific programs | | | | | 2,086,430 | | 2,086,430 |
| Unrestricted investment earnings | | | | | 150,206 | 32,306 | 182,512 |
| Miscellaneous | | | | | <u>202,693</u> | | <u>202,693</u> |
| Total general revenues | | | | | <u>107,709,608</u> | <u>32,306</u> | <u>107,741,914</u> |
| Change in net position | | | | | 4,862,648 | (738,521) | 4,124,127 |
| Net Position at Beginning of Year, as Restated | | | | | <u>(100,714,668)</u> | <u>34,780,335</u> | <u>(65,934,333)</u> |
| Net Position at End of Year | | | | | \$ <u>(95,852,020)</u> | \$ <u>34,041,814</u> | \$ <u>(61,810,206)</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
OCTOBER 31, 2017**

EXHIBIT III

| | <u>General Fund</u> | <u>School Unrestricted Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 48,658,540 | \$ 4,038,795 | \$ 2,598,294 | \$ 55,295,629 |
| Investments | | | 4,083,567 | 4,083,567 |
| Accounts receivable: | | | | |
| Real estate and personal property taxes, net | 28,191,491 | | | 28,191,491 |
| Due from other governments | | | 2,197,193 | 2,197,193 |
| Other receivables | | 122,464 | 1,163,523 | 1,285,987 |
| Due from other funds | 1,110,064 | 11,051,397 | 4,998,474 | 17,159,935 |
| Inventory | 43,070 | | | 43,070 |
| Prepaid items | 682,383 | 525,373 | | 1,207,756 |
| Total Assets | \$ 78,685,548 | \$ 15,738,029 | \$ 15,041,051 | \$ 109,464,628 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 235,551 | \$ 2,373,788 | \$ 1,459,864 | \$ 4,069,203 |
| Accounts payroll and related liabilities | 3,783,732 | 410,399 | | 4,194,131 |
| Unearned revenue | 162,741 | 5,913,796 | 1,071,006 | 7,147,543 |
| Due to other funds | 14,027,804 | 677,304 | 2,134,948 | 16,840,056 |
| Other liabilities | 91,157 | 10,000 | | 101,157 |
| Total liabilities | 18,300,985 | 9,385,287 | 4,665,818 | 32,352,090 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues - taxes | 28,191,491 | | | 28,191,491 |
| Total deferred inflows of resources | 28,191,491 | - | - | 28,191,491 |
| Fund balances: | | | | |
| Nonspendable | 725,453 | 525,373 | 43,810 | 1,294,636 |
| Restricted | | | 10,605,909 | 10,605,909 |
| Committed | | 5,827,369 | | 5,827,369 |
| Assigned | 17,542,592 | | | 17,542,592 |
| Unassigned | 13,925,027 | | (274,486) | 13,650,541 |
| Total fund balances | 32,193,072 | 6,352,742 | 10,375,233 | 48,921,047 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 78,685,548 | \$ 15,738,029 | \$ 15,041,051 | \$ 109,464,628 |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
OCTOBER 31, 2017

EXHIBIT III

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net
position (Exhibit I) are different because of the following:

| | | |
|--|----|------------|
| Fund balances - total governmental funds (Exhibit III) | \$ | 48,921,047 |
|--|----|------------|

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

| | | | |
|-------------------------------|----|----------------------|------------|
| Governmental capital assets | \$ | 197,732,976 | |
| Less accumulated depreciation | | <u>(104,081,866)</u> | |
| Net capital assets | | | 93,651,110 |

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

| | |
|---|------------|
| Property tax receivables greater than 60 days | 28,191,491 |
| Accrued interest | 1,628,826 |
| Net OPEB asset | 108,954 |
| Net pension asset | 6,979,985 |
| Deferred outflows related to pension | 50,872,289 |

Long-term liabilities and deferred inflows of resources are not due and payable
in the current period and, therefore, are not reported in the funds:

| | |
|--------------------------------------|---------------------|
| Bonds and notes payable | (44,014,349) |
| Deferred charge on refunding | 141,315 |
| Unamortized premium on bonds payable | (566,427) |
| Interest payable on bonds and notes | (760,036) |
| Capital leases payable | (1,361,274) |
| Accrued compensated absences | (5,293,406) |
| Net OPEB obligation | (10,823,493) |
| Net pension liability | (200,150,063) |
| Deferred inflows related to pension | <u>(63,377,989)</u> |

| | | |
|---|----|----------------------------|
| Net Position of Governmental Activities (Exhibit I) | \$ | <u><u>(95,852,020)</u></u> |
|---|----|----------------------------|

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT IV

| | <u>General Fund</u> | <u>School Unrestricted Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---|--|---|
| Revenues: | | | | |
| Property taxes, interest and liens | \$ 104,687,397 | \$ | \$ | \$ 104,687,397 |
| Intergovernmental | 5,181,816 | 38,959,329 | 10,103,197 | 54,244,342 |
| Charges for services | 6,062,092 | 196,718 | 721,789 | 6,980,599 |
| Licenses and permits | 1,302,288 | | | 1,302,288 |
| Fines and penalties | 429,861 | | | 429,861 |
| Interest income | 124,043 | | 26,158 | 150,201 |
| Other revenue | | 25,396 | 228,421 | 253,817 |
| Total revenues | <u>117,787,497</u> | <u>39,181,443</u> | <u>11,079,565</u> | <u>168,048,505</u> |
| Expenditures: | | | | |
| General government | 6,271,025 | | 817,531 | 7,088,556 |
| Public safety | 35,938,080 | | 653,048 | 36,591,128 |
| Public works | 8,056,636 | | 38,280 | 8,094,916 |
| Public libraries | 2,194,096 | | | 2,194,096 |
| Parks and recreation | 949,710 | | 20,493 | 970,203 |
| Sanitation | 2,699,827 | | | 2,699,827 |
| Education | | 84,805,717 | 8,297,541 | 93,103,258 |
| Benefits and other miscellaneous | 7,079,740 | | | 7,079,740 |
| Capital outlay | 962,047 | | 9,548,259 | 10,510,306 |
| Debt service | 5,004,048 | | 295,660 | 5,299,708 |
| Total expenditures | <u>69,155,209</u> | <u>84,805,717</u> | <u>19,670,812</u> | <u>173,631,738</u> |
| Excess (Deficiency) over Revenues over Expenditures | <u>48,632,288</u> | <u>(45,624,274)</u> | <u>(8,591,247)</u> | <u>(5,583,233)</u> |
| Other Financing Sources (Uses): | | | | |
| Bond proceeds | | | 10,600,000 | 10,600,000 |
| Premium | | | 528,018 | 528,018 |
| Capital lease issuance | | | 1,588,249 | 1,588,249 |
| Transfers in | 139,342 | 45,014,164 | 1,506,033 | 46,659,539 |
| Transfers out | (46,520,197) | | (139,342) | (46,659,539) |
| Total other financing sources (uses) | <u>(46,380,855)</u> | <u>45,014,164</u> | <u>14,082,958</u> | <u>12,716,267</u> |
| Net Change in Fund Balances | 2,251,433 | (610,110) | 5,491,711 | 7,133,034 |
| Fund Balances at Beginning of Year, as Restated | <u>29,941,639</u> | <u>6,962,852</u> | <u>4,883,522</u> | <u>41,788,013</u> |
| Fund Balances at End of Year | <u>\$ 32,193,072</u> | <u>\$ 6,352,742</u> | <u>\$ 10,375,233</u> | <u>\$ 48,921,047</u> |

(Continued on next page)

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT IV

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

| | |
|---|--------------|
| Net change in fund balances - total governmental funds (Exhibit IV) | \$ 7,133,034 |
|---|--------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

| | |
|----------------------|-------------|
| Capital outlay | 10,775,046 |
| Depreciation expense | (5,459,857) |

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

| | |
|--|-------------|
| Property taxes collected after 60 days | (317,520) |
| Change in accrued interest | 383,488 |
| Change in net OPEB asset | (15,516) |
| Change in net pension asset | (1,005,357) |
| Change in deferred outflows related to pension | 1,273,187 |

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

| | |
|---------------------------------------|--------------|
| Debt issuance | (10,600,000) |
| Premium on debt issuance | (528,018) |
| Principal payments on bonds and notes | 3,751,141 |
| Capital leases issuance | (1,588,249) |
| Capital leases payments | 226,975 |

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

| | |
|---|-------------|
| Amortization of deferred charge on refunding | (20,680) |
| Amortization of premium | 25,373 |
| Change in accrued interest | (66,662) |
| Change in compensated absences | (296,785) |
| Change in OPEB obligation | 867,949 |
| Change in net pension liability | (1,181,198) |
| Change in deferred inflows related to pension | 1,506,297 |

| | |
|--|---------------------|
| Change in Net Position of Governmental Activities (Exhibit II) | <u>\$ 4,862,648</u> |
|--|---------------------|

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
OCTOBER 31, 2017**

EXHIBIT V

| | Enterprise Funds | | |
|---|-------------------------|----------------------|----------------------|
| | Water Fund | WPC Fund | Total |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,668,660 | \$ (123,525) | \$ 2,545,135 |
| Investments | 1,864,409 | 3,906,909 | 5,771,318 |
| Accounts receivable usage sales and fees | 1,555,473 | 1,744,066 | 3,299,539 |
| Due from other federal and state government | 2,167,910 | | 2,167,910 |
| Inventory | 7,601 | | 7,601 |
| Total current assets | <u>8,264,053</u> | <u>5,527,450</u> | <u>13,791,503</u> |
| Noncurrent assets: | | | |
| Capital assets not being depreciated | 18,874,944 | 1,418,359 | 20,293,303 |
| Capital assets, net of accumulated depreciation | 18,209,919 | 58,776,197 | 76,986,116 |
| Total noncurrent assets | <u>37,084,863</u> | <u>60,194,556</u> | <u>97,279,419</u> |
| Total assets | <u>45,348,916</u> | <u>65,722,006</u> | <u>111,070,922</u> |
| Deferred Outflows of Resources: | | | |
| Related to pensions | <u>553,695</u> | | <u>553,695</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 469,456 | 6,841 | 476,297 |
| Accrued liabilities | 155,357 | | 155,357 |
| Accrued compensated absences | 87,326 | | 87,326 |
| Accrued interest payable | 146,762 | 269,368 | 416,130 |
| Due to other funds | 166,372 | 415,034 | 581,406 |
| Current portion of long-term debt | 1,204,000 | 2,673,500 | 3,877,500 |
| Total current liabilities | <u>2,229,273</u> | <u>3,364,743</u> | <u>5,594,016</u> |
| Noncurrent liabilities: | | | |
| Net OPEB obligation | 231,040 | | 231,040 |
| Net pension liability | 2,897,101 | | 2,897,101 |
| Bonds and loans payable | 24,542,206 | 44,035,200 | 68,577,406 |
| Total noncurrent liabilities | <u>27,670,347</u> | <u>44,035,200</u> | <u>71,705,547</u> |
| Total liabilities | <u>29,899,620</u> | <u>47,399,943</u> | <u>77,299,563</u> |
| Deferred Inflows of Resources: | | | |
| Related to pensions | <u>283,240</u> | | <u>283,240</u> |
| Net Position: | | | |
| Net investment in capital assets | 11,338,657 | 13,485,856 | 24,824,513 |
| Unrestricted | 4,381,094 | 4,836,207 | 9,217,301 |
| Total Net Position | <u>\$ 15,719,751</u> | <u>\$ 18,322,063</u> | <u>\$ 34,041,814</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT VI

| | Enterprise Funds | | |
|--|-------------------------|----------------------|----------------------|
| | <u>Water Fund</u> | <u>WPC Fund</u> | <u>Total</u> |
| Operating Revenues: | | | |
| Usage sales and fees | \$ 8,029,544 | \$ 12,467,423 | \$ 20,496,967 |
| Operating Expenses: | | | |
| Salaries and benefits | 2,140,120 | | 2,140,120 |
| Repairs and maintenance | 160,235 | | 160,235 |
| Contracted and purchased services | 2,417,891 | 8,234,598 | 10,652,489 |
| Operations | 2,062,934 | 1,213,658 | 3,276,592 |
| Depreciation and amortization | 685,894 | 1,962,902 | 2,648,796 |
| Total operating expenses | <u>7,467,074</u> | <u>11,411,158</u> | <u>18,878,232</u> |
| Operating Income | <u>562,470</u> | <u>1,056,265</u> | <u>1,618,735</u> |
| Nonoperating Revenues (Expenses): | | | |
| Investment income | 9,879 | 22,427 | 32,306 |
| Interest expense | <u>(878,784)</u> | <u>(1,510,778)</u> | <u>(2,389,562)</u> |
| Net nonoperating expenses | <u>(868,905)</u> | <u>(1,488,351)</u> | <u>(2,357,256)</u> |
| Change in Net Position | (306,435) | (432,086) | (738,521) |
| Net Position at Beginning of Year, as Restated | <u>16,026,186</u> | <u>18,754,149</u> | <u>34,780,335</u> |
| Net Position at End of Year | <u>\$ 15,719,751</u> | <u>\$ 18,322,063</u> | <u>\$ 34,041,814</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT VII

| | Enterprise Funds | | |
|--|-------------------------|---------------------|---------------------|
| | Water Fund | WPC Fund | Total |
| Cash Flows from Operating Activities: | | | |
| Receipts from customers and users | \$ 10,660,922 | \$ 14,048,895 | \$ 24,709,817 |
| Payments to suppliers | (4,422,271) | (10,246,263) | (14,668,534) |
| Payments to employees | (2,485,618) | | (2,485,618) |
| Net cash provided by (used in) operating activities | <u>3,753,033</u> | <u>3,802,632</u> | <u>7,555,665</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Interfund loans | (221,082) | (25,791) | (246,873) |
| Net cash provided by (used in) noncapital financing activities | <u>(221,082)</u> | <u>(25,791)</u> | <u>(246,873)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Loan proceeds | 1,850,000 | | 1,850,000 |
| Principal paid on bonds, notes and loans | (1,079,000) | (2,608,500) | (3,687,500) |
| Interest paid on bonds, notes and loans | (877,700) | (1,528,965) | (2,406,665) |
| Additions to property, plant and equipment | (3,555,413) | | (3,555,413) |
| Other nonoperating | 1,898,222 | | 1,898,222 |
| Net cash provided by (used in) capital and related financing activities | <u>(1,763,891)</u> | <u>(4,137,465)</u> | <u>(5,901,356)</u> |
| Cash Flows from Investing Activities: | | | |
| Purchase of investments | (154,335) | (22,427) | (176,762) |
| Interest and dividends on investments | 9,879 | 22,427 | 32,306 |
| Net cash provided by (used in) investing activities | <u>(144,456)</u> | <u>-</u> | <u>(144,456)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,623,604 | (360,624) | 1,262,980 |
| Cash and Cash Equivalents at Beginning of Year | <u>1,045,056</u> | <u>237,099</u> | <u>1,282,155</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 2,668,660</u> | <u>\$ (123,525)</u> | <u>\$ 2,545,135</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | |
| Operating income (loss) | \$ 562,470 | \$ 1,056,265 | \$ 1,618,735 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 685,894 | 1,962,902 | 2,648,796 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | 2,631,378 | 1,581,472 | 4,212,850 |
| (Increase) decrease in deferred outflows related to pensions | (297,842) | | (297,842) |
| Increase (decrease) in accounts payable | 218,789 | (798,007) | (579,218) |
| Increase (decrease) in accrued liabilities | (503,424) | | (503,424) |
| Increase (decrease) in net OPEB obligation | (18,527) | | (18,527) |
| Increase (decrease) in net pension liability | 331,125 | | 331,125 |
| Increase (decrease) in deferred inflows related to pension | 140,167 | | 140,167 |
| Increase (decrease) in accrued compensated absences | 3,003 | | 3,003 |
| Total adjustments | <u>3,190,563</u> | <u>2,746,367</u> | <u>5,936,930</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 3,753,033</u> | <u>\$ 3,802,632</u> | <u>\$ 7,555,665</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
OCTOBER 31, 2017**

EXHIBIT VIII

| | Pension and Other-Post Employment Benefit Trust Funds | Agency Funds |
|---|--|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and cash equivalents | \$ | \$ 210,593 |
| Investments, at fair value: | | |
| Mutual funds | 132,005,485 | |
| Alternative investments | 16,537,704 | |
| Member contribution receivable | 995 | |
| Due from other funds | | 332,810 |
| Total assets | <u>148,544,184</u> | <u>543,403</u> |
| Liabilities: | | |
| Accounts payable | | 5,300 |
| Due to other funds | | 71,283 |
| Deposits held in custody for others | | <u>466,820</u> |
| Total liabilities | <u>-</u> | <u>543,403</u> |
| Net Position: | | |
| Restricted for Pension Benefits and OPEB Benefits | <u>\$ 148,544,184</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements

**CITY OF EAST PROVIDENCE, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT IX

| | Pension and Other-Post Employment Benefit Trust Funds |
|--|--|
| Additions: | |
| Contributions: | |
| Employer contributions | \$ 13,508,248 |
| Plan members contributions | 1,495,434 |
| Total contributions | <u>15,003,682</u> |
| Investments income: | |
| Net change in fair value of investments | 18,648,705 |
| Interest and dividends | 1,190,695 |
| Total investment income | <u>19,839,400</u> |
| Total additions | <u>34,843,082</u> |
| Deductions: | |
| Benefits | 15,025,848 |
| Administration | 386,696 |
| Total deductions | <u>15,412,544</u> |
| Change in Net Position | 19,430,538 |
| Net Position at Beginning of Year, as Restated | <u>129,113,646</u> |
| Net Position at End of Year | <u>\$ 148,544,184</u> |

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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 a half hours from New York by automobile or rail.

The financial statements of the City have been prepared in accordance 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.

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:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- 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 2017:

- 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.

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 does not have any component units.

B. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflow of resources, fund equity, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. 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 or meets the following criteria:

- Total assets and deferred outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category type, and
- Total assets and deferred outflow of resources, liabilities, and deferred inflow of resources, revenues, or expenditures of the individual, governmental fund, or enterprise funds are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Unrestricted Fund* accounts for the budgeted resources devoted to financing the general operations of the School Department.

The City reports the following major proprietary funds:

The *Water Fund* is a proprietary (enterprise) fund used to account for water use fees and expenses associated with providing water services to city residents.

The *WPC Fund* is a proprietary (enterprise) fund used to account for sewer use fees and expenses associated with providing wastewater services to city residents.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

Additionally, the City reports the following fund types:

The *Pension and Other Post-Employment Benefit Trust Funds* are used to account for the funding and payment of pension benefits provided to City police officers and firefighters and to account for funding of future other postemployment benefits such as health, dental and life insurance for the City's and School Department's retirees.

The *Agency Funds* account for the various student activities and funds held in escrow for other parties.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension trust fund, other postemployment benefit trust and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

E. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost. Cash equivalents include amounts invested in certificate of deposits as management believes that these certificates can be accessed at any point in time. Substantially, all of the City's cash and cash equivalents are held in public deposit institutions.

Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public institutions are required to insure accounts which hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the City pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

State statutes authorize governments to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

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

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships; infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

G. Property Taxes

The City is permitted by state law to levy property taxes. The City's fiscal 2017 property taxes were levied in May of 2017 based on an assessed valuation as of December 31, 2016. Taxes were due July 1, 2017 or may be paid quarterly, without penalty, at the taxpayer's option. Failure to mail payments by due dates will result in a lien on taxpayer's property.

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

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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 2017 for the current year and other delinquent balances are recorded as receivables.

H. Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded, and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

I. Due from/to Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of year end, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

J. Prepaid items

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment. Prepaid items recorded in the governmental type fund do not reflect current appropriate resources and, as such, an equivalent portion of the fund balance is reported as nonspendable.

K. Unbilled Services 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.

L. 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.

M. Capital Assets

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital asset, as applicable.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated 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 |

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City also reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pensions results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). In addition, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

O. Compensated Absences

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

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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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.

P. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Q. 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's various pension plans and additions to/deductions from pension plans fiduciary net position have been determined on the same basis as they are reported by the various 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.

R. OPEB

The net OPEB asset/obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

S. Fund Equity

Equity in the government-wide financial statements is defined as "net position." Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The components of net position are detailed below:

Net Investment in Capital Assets

The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Restricted for Debt Service

The component of net position that reflects funds set aside in accordance with indenture agreements with bondholders.

Restricted for Special Revenue Funds

The component of net position that reports the difference between assets and liabilities of the various special revenue funds with constraints placed on their use by federal, state or local requirements.

Unrestricted

All other amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted Fund Balance

Is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for capital projects and debt service obligations and for other items contained in the Connecticut statutes.

Committed Fund Balance

Will be reported for amounts that can only be used for specific purposes pursuant to formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the City Council removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Council.

Assigned Fund Balance

This represents amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed

Unassigned Fund Balance

This represents the residual classification for the general fund and deficit fund balances in other funds.

T. Fund Balance Flow Assumptions

The City of Providence does not currently have a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for the expenditures incurred. Accordingly, by default, the City is following the policy prescribed by GASB Statement No. 54 which specifies that fund balance is reduced first by committed,

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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then by assigned, then by unassigned when expenditures are incurred for purposes for which any unrestricted fund balance could be used. In all situations, the City considers restricted fund balance to when available and when expenditures are incurred that meet the requirements of the restricted fund balance.

U. Use of 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.

V. New Accounting Standard Adopted

Effective for the year ended October 31, 2017, the City adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board. GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other than Pensions*, expands disclosure requirements for postemployment benefits. The expanded disclosure is included in Note 10 and in the required supplemental information schedules.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency. At the request of the City Manager and within the last three (3) months of the budget year, the Council may 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.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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The City has adopted a fund balance policy for the general fund. Every year the City has to budget 1% of revenues to replenish the fund balance to a maximum of 12% of the prior fiscal year general fund operating revenues, 7% of which is restricted. In the event that the payment to be made into the Fund Balance would increase the amount in said account to more than twelve percent (12%) of the prior fiscal year general operating fund revenues that said amount shall be transferred to a capital fund to be used solely for funding capital projects.

B. Legal Debt Margin

The City’s legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value. The legal debt margin for the City is approximately \$120,143,813. As of October 31, 2017, the City’s debt subject to legal debt margin is \$877,000, and the City is under the debt limit by \$119,266,813.

C. Excess of Expenditures over Appropriations

For the year ended October 31, 2017, expenditures exceeded appropriations in the following categories:

| | | |
|---|----|-----------|
| City manager | \$ | 19,329 |
| Senior services | | 9,079 |
| City clerk | | 6,399 |
| Finance director | | 114,617 |
| Human resources | | 8,117 |
| Harbor master | | 2,424 |
| Fire | | 185,663 |
| Building inspection | | 39,081 |
| Director | | 4,734 |
| Engineering | | 16,831 |
| Central garage | | 12,666 |
| Public buildings | | 11,049 |
| Pierce stadium | | 16,932 |
| Recreation | | 25,006 |
| Carousel | | 1,970 |
| Operating transfer to school unrestricted | | 1,516,388 |

D. Fund Deficits

At October 31, 2017, the City reported deficit fund balance in the following funds:

Nonmajor Governmental Funds:

| | | | | | |
|--------------------------------|----|--------|--------------------------------------|----|--------|
| Hunts Mill / Tranquility Place | \$ | 6,602 | Legislative Technology Francis | \$ | 864 |
| Fire Decon Grant | | 2,363 | Pre-K Grant | | 17,806 |
| RIDEM Sabin Point Stormwater | | 42,033 | Common Core State Standards | | 5,603 |
| NEIWPCC | | 3,348 | CTE Categorical Fund Year 2 | | 88,492 |
| Title I | | 33 | CTE Categorical IT Program Year 1 | | 50,000 |
| Title I 1003 (A) Year 1 | | 2,109 | English Language Learner Categorical | | 6,381 |
| Perkins Odd Year | | 3,606 | Sports Donations | | 5,253 |
| Fresh Fruit & Vegetables | | 297 | Summer School Remedial | | 38,566 |
| EPHS Gym | | 1,130 | | | |

The fund deficits will be eliminated by grant funding, transfers and future donations

3. CASH AND INVESTMENTS

Deposits

Substantially all of the City's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 that is guaranteed by FDIC. At times, the City pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

Deposit Custodial Credit Risk

Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the City's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its federal regulator must be collateralized. The City does not have a formal deposit policy for custodial credit risk but is governed by State laws as described above.

As of October 31, 2017, the City's entire bank balance of \$61,118,095 was covered by either FDIC insurance or collateral held in the City's name.

Investments

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:

- Purchases of securities by partial payment of their cost (purchases on margin).
- Sale of securities not owned by the Pension Trust Fund at the time of sale (short sales).
- Future contracts.
- 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).
- Direct investment in mortgages.
- Collateral loans (with the exception of those investments that are leveraged buyout investments), provided 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.
- Direct purchase or lease of real estate.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City has no investments that are subject to interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City has no formal investment policy that limits investment choices for its pension funds.

Concentration of Credit Risk

The City does not have a formal investment policy that limits the amount that can be invested with one issuer. Currently, the City has no investments, to which this requirement applies, in any one issuer that represents more than five percent of the total investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of financial institution failure, the city's deposits and/or investments may not be returned. The City does not believe that it has significant custodial credit risk as substantially all investments securities are registered and held in the name of the City. Additionally, the City places deposits in financial institutions that are FDIC insured up to \$250,000, rated "well capitalized" on its most recent audited financial statement/SEC filings if deposits exceed engage an outside rating agency to determine status of the institution. The City also ensures that all uninsured deposits greater than \$250,000 are collateralized.

Fair Value

The City uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1

Quoted prices in active markets for identical assets and liabilities.

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Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

Level 3

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

At October 31, 2017, the City had the following recurring fair value measurements:

| | Fair Value | Fair Value Measurements Using | | |
|---------------------------------------|----------------|-------------------------------|---------------|---------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by fair value level: | | | | |
| Mutual funds | \$ 141,860,370 | \$ 79,751,899 | \$ 34,414,080 | \$ 27,694,391 |
| Alternative investments | 16,537,704 | | | 16,537,704 |
| Total Investments by Fair Value Level | \$ 158,398,074 | \$ 79,751,899 | \$ 34,414,080 | \$ 44,232,095 |

4. RECEIVABLES

Receivable balances as of October 31, 2017 are presented below.

| | General Fund | School Unrestricted Fund | Water Fund | WPC Fund | Nonmajor and Other Funds | Total |
|----------------------------|---------------|--------------------------|--------------|--------------|--------------------------|---------------|
| Receivables: | | | | | | |
| Property taxes | \$ 28,191,491 | \$ | \$ | \$ | \$ | \$ 28,191,491 |
| Water and sewer use fees | | | 1,555,473 | 1,744,066 | | 3,299,539 |
| Due from other governments | | | 2,167,910 | | 2,197,193 | 4,365,103 |
| Other receivables | | 122,464 | | | 1,163,523 | 1,285,987 |
| Total Receivables | \$ 28,191,491 | \$ 122,464 | \$ 3,723,383 | \$ 1,744,066 | \$ 3,360,716 | \$ 37,142,120 |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended October 31, 2017 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|------------------|-----------------------|
| Governmental activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 4,076,963 | \$ 65,560 | \$ - | \$ - | \$ 4,142,523 |
| Construction in progress | 992,736 | 6,638,250 | - | (471,056) | 7,159,930 |
| Total capital assets not being depreciated | <u>5,069,699</u> | <u>6,703,810</u> | <u>-</u> | <u>(471,056)</u> | <u>11,302,453</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 3,812,510 | 24,072 | - | - | 3,836,582 |
| Buildings and improvements | 95,812,478 | 467,782 | - | 471,056 | 96,751,316 |
| Infrastructure | 49,465,361 | 278,884 | - | - | 49,744,245 |
| Machinery and equipment | 15,472,474 | 1,243,932 | - | - | 16,716,406 |
| Vehicles | 17,325,408 | 2,056,566 | - | - | 19,381,974 |
| Total capital assets being depreciated | <u>181,888,231</u> | <u>4,071,236</u> | <u>-</u> | <u>471,056</u> | <u>186,430,523</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 3,143,976 | 66,012 | - | - | 3,209,988 |
| Buildings and improvements | 36,336,285 | 2,948,047 | - | - | 39,284,332 |
| Infrastructure | 34,464,928 | 704,686 | - | - | 35,169,614 |
| Machinery and equipment | 10,002,093 | 1,009,945 | - | - | 11,012,038 |
| Vehicles | 14,674,727 | 731,167 | - | - | 15,405,894 |
| Total accumulated depreciation | <u>98,622,009</u> | <u>5,459,857</u> | <u>-</u> | <u>-</u> | <u>104,081,866</u> |
| Total capital assets being depreciated, net | <u>83,266,222</u> | <u>(1,388,621)</u> | <u>-</u> | <u>471,056</u> | <u>82,348,657</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 88,335,921</u> | <u>\$ 5,315,189</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 93,651,110</u> |
| | | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
| Business-type activities: | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,328,334 | \$ - | \$ - | \$ - | \$ 3,328,334 |
| Construction in progress | 13,729,895 | 3,404,438 | - | (169,364) | 16,964,969 |
| Total capital assets not being depreciated | <u>17,058,229</u> | <u>3,404,438</u> | <u>-</u> | <u>(169,364)</u> | <u>20,293,303</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 208,215 | - | - | - | 208,215 |
| Infrastructure | 100,110,961 | - | - | - | 100,110,961 |
| Buildings, pump stations & tanks | 25,367,566 | - | - | - | 25,367,566 |
| Machinery and equipment | 6,077,118 | 120,890 | - | 169,364 | 6,367,372 |
| Vehicles | 1,835,942 | 30,085 | - | - | 1,866,027 |
| Total capital assets being depreciated | <u>133,599,802</u> | <u>150,975</u> | <u>-</u> | <u>169,364</u> | <u>133,920,141</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 196,953 | 3,633 | - | - | 200,586 |
| Infrastructure | 32,136,224 | 2,015,544 | - | - | 34,151,768 |
| Buildings, pump stations & tanks | 16,309,487 | 402,952 | - | - | 16,712,439 |
| Machinery and equipment | 3,982,985 | 166,336 | - | - | 4,149,321 |
| Vehicles | 1,659,580 | 60,331 | - | - | 1,719,911 |
| Total accumulated depreciation | <u>54,285,229</u> | <u>2,648,796</u> | <u>-</u> | <u>-</u> | <u>56,934,025</u> |
| Total capital assets being depreciated, net | <u>79,314,573</u> | <u>(2,497,821)</u> | <u>-</u> | <u>169,364</u> | <u>76,986,116</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 96,372,802</u> | <u>\$ 906,617</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 97,279,419</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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Depreciation expense was charged to functions/programs as follows:

| | |
|---|-------------------------|
| Governmental activities: | |
| General government | \$ 193,867 |
| Public safety | 1,558,824 |
| Public works | 912,425 |
| Public libraries | 112,117 |
| Parks and recreation | 281,641 |
| Education | <u>2,400,983</u> |
| Total Depreciation Expense - Governmental Activities | \$ <u>5,459,857</u> |
| Business-type activities: | |
| Water fund | \$ 685,894 |
| WPC fund | <u>1,962,902</u> |
| Total Depreciation Expense - Business-Type Activities | \$ <u>2,648,796</u> |

6. INTERFUND BALANCES AND TRANSFERS

A summary of interfund balances as of October 31, 2017 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|--------------------------|
| General Fund | Water fund | \$ 166,372 |
| General Fund | WPC fund | 415,034 |
| General Fund | Nonmajor governmental funds | 528,658 |
| School unrestricted fund | General fund | 9,373,824 |
| School unrestricted fund | Nonmajor governmental funds | 1,606,290 |
| School unrestricted fund | Agency funds | 71,283 |
| Nonmajor governmental funds | General fund | 4,460,930 |
| Nonmajor governmental funds | School unrestricted fund | 537,544 |
| Agency funds | School unrestricted fund | 139,760 |
| Agency funds | General fund | <u>193,050</u> |
| | | \$ <u>17,492,745</u> |

The General Fund holds primarily all the cash for the City and the resulting due to/from other results from these cash allocations.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Interfund Transfers

A summary of interfund transfers as of October 31, 2017 is as follows:

| | <u>General Fund</u> | <u>School Unrestricted Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Transfers Out</u> |
|-----------------------------|-------------------------|-------------------------------------|--|--------------------------------|
| Transfers out: | | | | |
| General Fund | \$ | \$ 45,014,164 | \$ 1,506,033 | \$ 46,520,197 |
| Nonmajor Governmental Funds | <u>139,342</u> | | | <u>139,342</u> |
| Total Transfers In | <u>\$ 139,342</u> | <u>\$ 45,014,164</u> | <u>\$ 1,506,033</u> | <u>\$ 46,659,539</u> |

7. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended October 31, 2017 was as follows:

| | <u>Beginning Balance (as Restated)</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|--|----------------------|---------------------|-----------------------|--|
| Governmental activities: | | | | | |
| Bonds and notes payable | \$ 37,165,490 | \$ 10,600,000 | \$ 3,751,141 | \$ 44,014,349 | \$ 3,704,383 |
| Capital leases payable | | 1,588,249 | 226,975 | 1,361,274 | 212,573 |
| Unamortized bond premiums | 63,782 | 528,018 | 25,373 | 566,427 | |
| Accrued compensated absences | 4,996,621 | 296,785 | | 5,293,406 | 1,058,000 |
| Net pension liability | 198,968,865 | 1,181,198 | | 200,150,063 | |
| Net OPEB obligation | <u>11,691,442</u> | | <u>867,949</u> | <u>10,823,493</u> | |
| Total Governmental Activities - Long-Term Liabilities | <u>\$ 252,886,200</u> | <u>\$ 14,194,250</u> | <u>\$ 4,871,438</u> | <u>\$ 262,209,012</u> | <u>\$ 4,974,956</u> |
| Business-type activities: | | | | | |
| Bonds and notes payable | \$ 74,292,406 | \$ 1,850,000 | \$ 3,687,500 | \$ 72,454,906 | \$ 3,877,500 |
| Net pension liability | 2,565,976 | 331,125 | | 2,897,101 | |
| Net OPEB obligation | <u>249,567</u> | | <u>18,527</u> | <u>231,040</u> | |
| Total Business-Type Activities - Long-Term Liabilities | <u>\$ 77,107,949</u> | <u>\$ 2,181,125</u> | <u>\$ 3,706,027</u> | <u>\$ 75,583,047</u> | <u>\$ 3,877,500</u> |

All long-term liabilities for the governmental activities are generally liquidated by the General Fund.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

Bonds and Loans Payable

Bonds and notes outstanding as of October 31, 2017 consisted of the follow:

| <u>Description</u> | <u>Original Amount</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate %</u> | <u>Balance October 31, 2017</u> |
|----------------------------------|------------------------|----------------------|-------------------------|------------------------|---------------------------------|
| Governmental Activities: | | | | | |
| General Obligation | \$ 5,000,000 | 5/27/2010 | 5/15/2030 | 3.0% - 4.55% | \$ 3,250,000 |
| School Revenue Bond | 3,955,000 | 10/5/2010 | 5/15/2025 | 4.35% | 2,550,000 |
| School Revenue Bond | 7,777,000 | 11/3/2010 | 5/15/2025 | 6.41% | 5,021,000 |
| School Revenue Bond | 15,000,000 | 10/4/2012 | 5/15/1932 | 2.0% - 4.0% | 12,510,000 |
| RIIB Road & Bridge | 1,215,000 | 7/17/2014 | 9/1/2024 | 0.64% - 2.65% | 877,000 |
| Series 2014 Refunding | 11,843,630 | 8/29/2014 | 5/15/2024 | 2.65% | 7,631,349 |
| HUD Section Loan | 3,000,000 | 8/7/2003 | 8/1/2023 | varies | 1,575,000 |
| TIF - Kettle Point | 10,600,000 | 1/5/2017 | 5/15/1941 | 7.5% - 10.0% | 10,600,000 |
| Total Governmental Activities | | | | | <u>44,014,349</u> |
| Business-Type Activities: | | | | | |
| Water Fund | | | | | |
| RIIB 2009A | 6,000,000 | 11/19/2009 | 09/01/30 | varies | 3,899,000 |
| RIIB 2009A#2 | 561,206 | 2/12/2010 | 09/01/30 | varies | 364,206 |
| RIIB 2012 | 2,000,000 | 11/4/2011 | 09/01/31 | varies | 1,584,000 |
| RIIB 2014A | 18,725,000 | 12/18/2014 | 09/01/36 | varies | 18,049,000 |
| RIIB 2017 | 1,850,000 | 9/25/2017 | 09/01/32 | varies | 1,850,000 |
| Total Water Fund | | | | | <u>25,746,206</u> |
| WPC Fund | | | | | |
| RIIB 2009A | 10,000,000 | 10/6/2009 | 9/1/2030 | varies | 7,332,000 |
| RIIB 2010B | 7,000,000 | 6/24/2010 | 9/1/2031 | varies | 5,432,000 |
| RIIB 2011A | 23,000,000 | 3/29/2011 | 9/1/2032 | varies | 18,870,000 |
| RIIB 2012A | 17,500,000 | 6/28/2012 | 9/1/2033 | varies | 14,221,000 |
| Series 2014 Refunding | 1,449,200 | 8/29/2014 | 5/15/2024 | 2.65% | 853,700 |
| Total WPC Fund | | | | | <u>46,708,700</u> |
| Total Business-Type Activities | | | | | <u>\$ 72,454,906</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Annual debt service requirements of bonds and notes as of October 31, 2017 were as follows:

| Year Ending October 31, | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2018 | \$ 3,704,383 | \$ 2,031,104 | \$ 3,877,500 | \$ 2,438,705 | \$ 7,581,883 | \$ 4,469,809 |
| 2019 | 3,738,267 | 1,912,160 | 3,971,500 | 2,336,216 | 7,709,767 | 4,248,376 |
| 2020 | 3,423,306 | 1,791,967 | 4,007,700 | 2,170,649 | 7,431,006 | 3,962,616 |
| 2021 | 3,404,545 | 1,669,647 | 4,065,000 | 2,049,516 | 7,469,545 | 3,719,163 |
| 2022 | 3,280,981 | 1,537,138 | 4,185,000 | 1,921,843 | 7,465,981 | 3,458,981 |
| 2023-2027 | 11,162,867 | 5,834,820 | 22,721,000 | 7,473,529 | 33,883,867 | 13,308,349 |
| 2028-2032 | 7,575,000 | 3,892,124 | 23,771,206 | 3,363,967 | 31,346,206 | 7,256,091 |
| 2033-2037 | 3,425,000 | 2,437,500 | 5,856,000 | 493,897 | 9,281,000 | 2,931,397 |
| 2038-2041 | 4,300,000 | 844,875 | | | 5,144,875 | 844,875 |
| | <u>\$ 44,014,349</u> | <u>\$ 21,951,335</u> | <u>\$ 72,454,906</u> | <u>\$ 22,248,322</u> | <u>\$ 117,314,130</u> | <u>\$ 44,199,657</u> |

Tax Increment Financing Bond

Tax increment financing (TIF) is an economic development tool in which a municipality earmarks a portion of its property taxes to help finance development in a particular area or site. During fiscal year 2017, the City participated in a tax incremental financing agreement with a local real estate developer to pay for infrastructure improvements and site remediation at Kettle Point.

In fiscal year 2017, the City issued \$10,600,000 in special obligation tax increment revenue bonds. The debt service on these bonds is payable solely from the tax increment generated by the property within the project area. The City and its taxpayers are not liable for such bonds, except to the extent of the additional property taxes generated within the project area and dedicated to repayment of the bonds. If the project does not generate enough additional taxes to pay the debt service on the bonds, the bondholders do not have any rights for claims against the City's other taxes and revenues. The special obligation tax increment revenue bonds are not general obligations of the City nor do they count against the City's statutory debt limit. Total principal and interest remaining on the bonds is \$25,258,000 payable through 2041. For the current year, interest paid was \$295,660 and there were no incremental property tax revenues generated.

Tax Anticipation Notes

The following is a schedule of tax anticipation note activity for the year ended October 31, 2017:

| Date Issued | Maturity Date | Interest Rate | Balance November 1, 2016 | Increases | Decreases | Balance October 31, 2017 |
|-------------|---------------|---------------|--------------------------|---------------|---------------|--------------------------|
| 3/29/17 | 7/27/17 | 2.00% | \$ - | \$ 20,000,000 | \$ 20,000,000 | \$ - |

Authorized but Unissued Bonds

The total of authorized but unissued bonds at October 31, 2017 is \$8,005,000. In some cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

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Capital Lease Commitments

The City's capital lease program consists of two leases for the purchase of various vehicles and equipment. The City may purchase leased vehicles and equipment as set forth in the lease agreements. Leases are renewed annually based on the City's appropriation of funds sufficient to pay the obligations under the lease agreements. The assets acquired through the capital lease are as follows:

| | Governmental Activities |
|-------------------------------|------------------------------------|
| | <u> </u> |
| Equipment | \$ 1,588,249 |
| Less accumulated depreciation | <u>(80,124)</u> |
| Net Book Value | <u><u>\$ 1,508,125</u></u> |

Obligations of Governmental Activities under capital leases at October 31, 2017 were as follows:

| | Governmental Activities |
|---|------------------------------------|
| | <u> </u> |
| 2018 | \$ 247,966 |
| 2019 | 247,966 |
| 2020 | 247,967 |
| 2021 | 247,967 |
| 2022 | 247,966 |
| 2023-2027 | <u>247,967</u> |
| Total minimum lease payments | 1,487,799 |
| Less amount for interest | <u>(126,525)</u> |
| Present Value of Minimum Lease Payments | <u><u>\$ 1,361,274</u></u> |

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8. FUND BALANCE

The components of fund balance for the governmental funds at October 31, 2017 are as follows:

| | <u>General Fund</u> | <u>School Special Revenue Unrestricted Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---|-------------------------|---|--|----------------------|
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 43,070 | | | \$ 43,070 |
| Prepaid expenditures | 682,383 | 525,373 | | 1,207,756 |
| Permanent funds - various | | | 43,810 | 43,810 |
| Restricted for: | | | | |
| Public safety programs | | | 688,035 | 688,035 |
| Historical records preservation | | | 354,273 | 354,273 |
| Senior programs | | | 27,935 | 27,935 |
| Champlin grants | | | 20,659 | 20,659 |
| Library programs | | | 138,404 | 138,404 |
| Recreational purposes | | | 164,614 | 164,614 |
| Community development | | | 200,985 | 200,985 |
| Educational programs | | | 1,195,409 | 1,195,409 |
| Cemetery care | | | 4,401 | 4,401 |
| Various capital improvement projects | | | 7,811,194 | 7,811,194 |
| Committed for: | | | | |
| Educational programs | | 5,827,369 | | 5,827,369 |
| Assigned to: | | | | |
| Synchronization | 13,875,851 | | | 13,875,851 |
| Various capital improvement projects | 2,166,741 | | | 2,166,741 |
| Fiscal year 2017/18 use of fund balance | 1,500,000 | | | 1,500,000 |
| Unassigned | 13,925,027 | | (274,486) | 13,650,541 |
| Total Fund Balances | \$ <u>32,193,072</u> | \$ <u>6,352,742</u> | \$ <u>10,375,233</u> | \$ <u>48,921,047</u> |

9. PENSION PLANS

A. Police and Firefighters Retirement System

Summary of Significant Accounting Policies

Plan Description

The Police and Firefighters Retirement System covers all police officers and firefighters sworn into the respective departments. The Police and Firefighters Retirement System is a single employer defined benefit pension plan. The Board of Trustees is responsible for the administration of the plan. The Board is comprised of seven members consisting of the City Manager, the City Finance Director, one police officer and one firefighter having at least five years of credited service, one member of the city police and fire retirees association, one member of City Council, and one member who shall be elected by the remaining six members of the Board. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police and Firefighters Retirement System.

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The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions

The Police and Firefighters Retirement System 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.

As of October 31, 2017, the following employees and other participants were members of the Police and Firefighters Retirement System:

| | <u>Total</u> |
|--------------------------------|-----------------------|
| Actively Participants | 195 |
| Retired Participants | 175 |
| Beneficiaries | 50 |
| Disability Participants | 45 |
| Terminated Vested Participants | <u>8</u> |
| Total Participants | <u><u>473</u></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 City contributions to the Plan for the fiscal year ended October 31, 2017 were 25.3% and 68.4%, of covered payroll, respectively for police and 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.

Actuarial Assumptions

The City's net pension liability has been measured as of October 31 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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The total pension liability in the October 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Inflation | 2.50% |
| Salary increases | 4.00%, including inflation |
| Investment rate of return | 7.50%, including inflation and expenses |
| Mortality rates | Rates were based on the RP-2014 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, 2017 actuarial valuation have been based on the results of the 2015 Actuarial Experience Study completed for the periods ending October 31 in years 1991 through 2014.

Benefit terms provide for annual cost-of living adjustments to the monthly benefit payable to retired Members 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 3.00% 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, 2017.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by a majority vote of the Board of Trustees. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy is long-term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans, and it seeks to be fully invested using cash equivalents for liquidity purposes.

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.

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Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of October 31, 2017 are summarized in the following table:

| Target Asset Allocation Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|--|--------------------------|--|
| Domestic equity | 30.0% | 8.07% |
| International equity | 19.0% | 7.00% |
| Fixed income | 29.0% | 3.26% |
| Real estate | 8.0% | 5.54% |
| Hedge funds | 9.0% | 5.02% |
| Private equity | 4.0% | 11.98% |
| Cash | 1.0% | 0.00% |
| | <u>100.0%</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. Professional judgment on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 14.28% for the year ended October 31, 2017. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability was measured as of October 31, 2017. The components of the net pension liability of the City at October 31, 2017 were as follows:

| | |
|------------------------------|----------------------|
| Total pension liability | \$ 219,314,469 |
| Plan fiduciary net position | <u>130,039,860</u> |
| City's Net Pension Liability | <u>\$ 89,274,609</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances as of October 31, 2016 | \$ 211,150,930 | \$ 116,473,001 | \$ 94,677,929 |
| Changes for the year: | | | |
| Service cost | 3,455,749 | | 3,455,749 |
| Interest | 15,671,330 | | 15,671,330 |
| Differences between expected and actual experience | 1,774,809 | | 1,774,809 |
| Changes of assumptions | (1,427,122) | | (1,427,122) |
| Employer contributions | | 6,327,364 | (6,327,364) |
| Member contributions | | 1,302,238 | (1,302,238) |
| Net investment income | | 17,310,859 | (17,310,859) |
| Benefit payments, including refunds of member contributions | (11,311,227) | (11,311,227) | - |
| Administrative expenses | | (62,375) | 62,375 |
| Other changes | | | - |
| Net changes | <u>8,163,539</u> | <u>13,566,859</u> | <u>(5,403,320)</u> |
| Balances as of October 31, 2017 | <u>\$ 219,314,469</u> | <u>\$ 130,039,860</u> | <u>\$ 89,274,609</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it was calculated using a single discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the single discount rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| | Net Pension Liability | \$ 116,705,597 | \$ 89,274,609 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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

For the year ended October 31, 2017, the Police and Firefighters Retirement System recognized pension expense of \$2,698,885. As of October 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 13,801,149 | \$ |
| Changes of assumptions | 3,767,715 | 42,447,535 |
| Net difference between projected and actual earnings on pension plan investments | <u>5,761,162</u> | <u>6,972,627</u> |
| Total | <u>\$ 23,330,026</u> | <u>\$ 49,420,162</u> |

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

| <u>Year Ending October 31,</u> | <u>Net Deferred Outflows (Inflows) of Resource</u> |
|--------------------------------|--|
| 2018 | \$ (6,593,256) |
| 2019 | (6,593,259) |
| 2020 | (11,230,000) |
| 2021 | <u>(1,673,621)</u> |
| Total | <u>\$ (26,090,136)</u> |

B. Employees' Retirement System

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

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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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 five years of service as of July 1, 2012. Members are vested after five 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.

Funding Policy

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 2017, East Providence School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with 20 or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The state and the City 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 City; the rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2017 for the state and the City, respectively. The City contributed \$4,515,281, \$4,391,865 and \$4,495,710 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

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

At October 31, 2017, the East's Providence School Department reported a liability of \$65,081,789 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the City 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 City were as follows:

| | | |
|--|----|---------------------------|
| East Providence School District's proportionate share of the net pension liability | \$ | 65,081,789 |
| State of Rhode Island's proportionate share of the net pension liability | | <u>49,186,196</u> |
| Total Net Pension Liability | \$ | <u><u>114,267,985</u></u> |

The net pension liability was measured as of June 30, 2017, 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, 2016 rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City 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, 2017, the City's proportion was 2.06%.

For the year ended October 31, 2017, the City recognized gross pension expense of \$11,864,337 and revenue of \$5,507,203 for support provided by the State. At October 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ | \$ 1,542,935 |
| Changes of assumptions | | 5,683,957 |
| Net difference between projected and actual earnings on pension plan investments | | 5,035,690 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 2,912,482 |
| Contributions subsequent to measurement date | | <u>979,468</u> |
| Total | \$ | <u><u>14,611,597</u></u> \$ <u><u>5,960,202</u></u> |

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\$976,468 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended October 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending October 31,</u> | <u>Net Deferred Outflows (Inflows) of Resource</u> |
|--------------------------------|--|
| 2018 | \$ 1,231,318 |
| 2019 | 2,314,846 |
| 2020 | 1,512,936 |
| 2021 | 368,979 |
| 2022 | 1,118,314 |
| Thereafter | <u>1,125,534</u> |
| Total | <u>\$ 7,671,927</u> |

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 | 7.00% |

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 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, 2016.

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Investments

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 35 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 | | |
| US Equity | 20.60% | 6.85% |
| International Developed Equity | 15.90% | 6.71% |
| Emerging Markets Equity | 3.50% | 8.91% |
| Private Equity | | |
| Private Energy | 11.30% | 9.62% |
| Non-Core RE | 2.20% | 5.17% |
| OPP Private Credit | 1.50% | 9.62% |
| Income | | |
| High Yield Infrastructure | 1.00% | 4.26% |
| REITS | 1.00% | 5.17% |
| Liquid Credit | 2.80% | 4.26% |
| Private Credit | 3.20% | 4.26% |
| Crisis Protection Class | | |
| Treasury Duration | 4.00% | 0.83% |
| Systematic Trend | 4.00% | 3.81% |
| Inflation Protection | | |
| Core Real Estate | 3.60% | 5.17% |
| Private Infrastructure | 2.40% | 5.57% |
| TIPs | 1.00% | 1.72% |
| Natural Resources | 1.00% | 3.98% |
| Volatility Protection | | |
| IG Fixed Income | 11.50% | 2.12% |
| Absolute Return | 6.50% | 3.81% |
| Cash | 3.00% | 0.83% |
| | <u>100%</u> | |

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

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Measurement of the Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.00% as well as what the 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.

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|-----------------------|--------------------------------|--|--------------------------------|
| Net Pension Liability | \$ 81,792,259 | \$ 65,081,789 | \$ 52,635,148 |

Pension Plan Fiduciary Net Position

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

C. Municipal Employees’ Retirement System (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.

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Benefit Provisions

General employees 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 firefighters are covered under a separate City sponsored plan.

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.

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 ten 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.

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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 5 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.

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).

- a. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- b. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%
- c. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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Employees Covered by Benefit Terms

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

| | |
|------------------------------|-----------------------|
| Retirees and Beneficiaries | 382 |
| Inactive, Nonretired Members | 132 |
| Active Members | <u>396</u> |
| Total | <u><u>910</u></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 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 \$4,600,763 in the year ended October 31, 2017 which was 24.40% of annual covered payroll.

Net Pension Liability

The total pension liability was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

| Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2016 measurement date (June 30, 2016 valuation rolled forward to June 30, 2017) | |
|---|---|
| Actuarial Cost Method | Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used. |
| Amortization Method | Level Percent of Payroll - Closed |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.00% |
| Projected Salary Increases | General Employees - 3.50% to 7.50% |
| Inflation | 2.50% |
| Mortality | Variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale. |
| 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, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

CITY OF EAST PROVIDENCE, RHODE ISLAND
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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 35 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: | 38.00% | |
| U.S. Equity | | 6.98% |
| International Developed | | 7.26% |
| International Emerging Markets | | 9.57% |
| Equity Hedge Funds | 8.00% | 4.10% |
| Private Equity | 7.00% | 10.15% |
| Core Fixed Income | 15.00% | 2.37% |
| Absolute Return Hedge Funds | 7.00% | 4.10% |
| Infrastructure | 3.00% | 5.58% |
| Real Estate | 8.00% | 5.33% |
| Other Real Return Assets: | 11.00% | |
| Master Limited Partnerships | | 4.97% |
| Credit | | 4.97% |
| Inflation Linked Bonds | | 1.76% |
| Cash, Overlay and Money Market | 3.00% | 0.82% |
| | <u>100.00%</u> | |

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Measurement of the Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.00%. 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.

| | Increase (Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances as of June 30, 2016 | \$ 104,064,503 | \$ 58,648,991 | \$ 45,415,512 |
| Changes for the year: | | | |
| Service cost | 1,655,859 | | 1,655,859 |
| Interest | 7,596,902 | | 7,596,902 |
| Differences between expected and actual experience | (536,482) | | (536,482) |
| Changes of assumptions | 5,903,171 | | 5,903,171 |
| Employer contributions | | 4,600,763 | (4,600,763) |
| Member contributions | | 566,714 | (566,714) |
| Net investment income | | 6,668,333 | (6,668,333) |
| Benefit payments, including refunds of member contributions | (7,200,820) | (7,200,820) | |
| Administrative expenses | | (63,000) | 63,000 |
| Other changes | | (428,614) | 428,614 |
| Net changes | <u>7,418,630</u> | <u>4,143,376</u> | <u>3,275,254</u> |
| Balances as of June 30, 2017 | <u>\$ 111,483,133</u> | <u>\$ 62,792,367</u> | <u>\$ 48,690,766</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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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 7.00%, 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.

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|-----------------------|--------------------------------|--|--------------------------------|
| Net Pension Liability | \$ 61,763,339 | \$ 48,690,766 | \$ 38,954,568 |

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, 2017, the employer recognized pension expense of \$5,374,818. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ | \$ 2,039,858 |
| Changes of assumptions | 4,595,105 | |
| Net difference between projected and actual earnings on pension plan investments | 3,939,301 | 2,720,478 |
| Contributions subsequent to measurement date | <u>771,395</u> | |
| Total | <u>\$ 9,305,801</u> | <u>\$ 4,760,336</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending October 31,</u> | <u>Net Deferred Outflows (Inflows) of Resource</u> |
|--------------------------------|--|
| 2018 | \$ 502,493 |
| 2019 | 1,550,379 |
| 2020 | 1,584,134 |
| 2021 | 137,064 |
| 2022 | |
| Thereafter | |
| Total | <u>\$ 3,774,070</u> |

D. Teachers’ Survivors Benefits Plan

Plan Description

Certain employees of the East Providence School Department 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>.

Benefit Provisions

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.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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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:

| <u>Highest Annual Salary</u> | <u>Basic Monthly Spouse’s Benefit</u> |
|------------------------------|---------------------------------------|
| \$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 |

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% |

Funding Policy

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 \$49,771, \$45,817 and \$47,588 for the fiscal years ended October 31, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year

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

At October 31, 2017, the East Providence School Department reported an asset of \$6,979,985 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, 2017, 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, 2016 rolled forward to June 30, 2017. The East Providence 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 June 30, 2016, the East Providence School Department’s proportion was 8.44%.

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For the year ended October 31, 2017 the East Providence School Department recognized pension expense of \$1,299,073 - a decrease in the net pension asset. At October 31, 2017, the East Providence School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,377,551 | \$ 1,466,765 |
| Changes of assumptions | 1,149,891 | |
| Net difference between projected and actual earnings on pension plan investments | 1,604,763 | 1,158,806 |
| Changes in proportion and differences between employer contributions and proproationate share of contributions | | 894,958 |
| Contributions subsequent to measurment date | <u>46,345</u> | |
| Total | <u>\$ 4,178,550</u> | <u>\$ 3,520,529</u> |

\$46,345 reported as deferred outflows of resources related to pensions resulting from the East Providence School Department's contributions in fiscal year 2018 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:

| <u>Year Ending October 31,</u> | <u>Net Deferred Outflows (Inflows) of Resource</u> |
|--------------------------------|--|
| 2018 | \$ 116,273 |
| 2019 | 459,467 |
| 2020 | 209,249 |
| 2021 | (158,860) |
| 2022 | 45,043 |
| Thereafter | <u>(59,496)</u> |
| Total | <u>\$ 611,676</u> |

Actuarial Assumptions

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

| | |
|---------------------------|-----------------|
| Inflation | 2.55% |
| Salary increases | 3.00% to 13.50% |
| Investment rate of return | 7.00% |

CITY OF EAST PROVIDENCE, RHODE ISLAND
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Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

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, 2016 valuation and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

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 35 sources. The June 30, 2017 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 | | |
| US Equity | 20.60% | 6.85% |
| International Developed Equity | 15.90% | 6.71% |
| Emerging Markets Equity | 3.50% | 8.91% |
| Private Equity | | |
| Private Energy | 11.30% | 9.62% |
| Non-Core RE | 2.20% | 5.17% |
| OPP Private Credit | 1.50% | 9.62% |
| Income | | |
| High Yield Infrastructure | 1.00% | 4.26% |
| REITS | 1.00% | 5.17% |
| Liquid Credit | 2.80% | 4.26% |
| Private Credit | 3.20% | 4.26% |
| Crisis Protection Class | | |
| Treasury Duration | 4.00% | 0.83% |
| Systematic Trend | 4.00% | 3.81% |
| Inflation Protection | | |
| Core Real Estate | 3.60% | 5.17% |
| Private Infrastructure | 2.40% | 5.57% |
| TIPs | 1.00% | 1.72% |
| Natural Resources | 1.00% | 3.98% |
| Volatility Protection | | |
| IG Fixed Income | 11.50% | 2.12% |
| Absolute Return | 6.50% | 3.81% |
| Cash | 3.00% | 0.83% |
| | 100% | |

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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.

Measurement of the Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.00% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage-point higher than the current rate.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|-------------------------------|--------------------------------|--|--------------------------------|
| Net Pension (Asset) Liability | \$ (4,774,115) | \$ (6,979,985) | \$ (8,622,200) |

Pension Plan Fiduciary Net Position

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

E. Defined Contribution Plan

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 between 5% and 7% of their annual covered salary depending upon years of service as of June 30, 2012 and employers contribute between 1% and 3.5% 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.

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The City (including the School Department) recognized pension expense of \$1,111,072 for the fiscal year ended October 31, 2017. Of that amount, \$84,051 was recognized for general employees, \$76,528 was for non-certified school employees and \$950,493 was for certified school employees.

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>.

10. OTHER POST EMPLOYMENT BENEFITS

The City and School Department have separate benefit plans for other post-retirement employment benefits. Plan details are as follows:

A. City Plan

Plan Description

The City administers a single-employer, defined benefit post-employment benefit plan. 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.

Management of the post-employment benefits plan is vested with the Finance Director under the direction of the City Manager. Funds are managed by a third-party investment management firm.

Funding Policy

The City has established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual required contribution (ARC) payment is transferred into this account annually from the General Fund and budgeted as part of the budgeting process, which is approved by the City Council.

The City's funding strategy for post-employment obligations are based upon characteristics of benefits on distinct groups of employees established within their respective collective bargaining units and/or contracts.

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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.

At October 31, 2017, plan membership consisted of the following:

| | |
|-------------------|-------------------|
| Active employees | 393 |
| Retired employees | <u>158</u> |
| Total | <u><u>551</u></u> |

Investments

Investment Policy

The City is responsible for directing and monitoring the investment and management of the assets. Under the plan document, the City has the power to make such rules and regulations as may be necessary for the administration of the plan and the fund and the investment and reinvestment of the assets. As such, the City is authorized to delegate certain responsibilities to professional experts in various fields. These include investment managers, custodians, and other specialists such as attorneys, actuaries, retirement plan consultants, and others to assist the City in meeting its responsibilities and obligations to administer the plan assets prudently.

The investment plan assets shall be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

Rate of return: For the year ended October 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 14.07%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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Net OPEB Liability of the City

During the year, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the City at October 31, 2017, were as follows:

| | | |
|--|----|--------------------------|
| Total OPEB liability | \$ | 42,820,046 |
| Plan fiduciary net position | | <u>15,908,749</u> |
| Net OPEB Liability | \$ | <u><u>26,911,297</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 37.15% |

The City’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at October 31, 2018.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of October 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 3.25% |
| Salary increases | 3.0 - 10.0%, including inflation |
| Investment rate of return | 7.0%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | 9.0% for 2017, decreasing 0.5% per year to an ultimate rate of 5.0% for 2026 and later years |

Mortality rates were based on RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) 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 percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of October 31, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------|--------------------------|---|
| U.S. equity | 48.3% | 6.1% |
| Non U.S. equity | 20.7% | 6.7% |
| U.S. aggregate bonds | 9.0% | 1.7% |
| Intermediate-Term Credit | 5.4% | 2.3% |
| Short-Term Credit | 3.6% | 2.0% |
| Intermediate-Term TIPS | 5.0% | 0.8% |
| REITs | 8.0% | 4.9% |
| | | |
| Total | <u>100.0%</u> | <u>5.1%</u> |

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB 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 discount rate:

| | <u>1% Decrease 6.00%</u> | <u>Current Discount Rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|--------------------|------------------------------|--|------------------------------|
| Net OPEB Liability | \$ 30,185,910 | \$ 26,911,297 | \$ 23,958,688 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
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OCTOBER 31, 2017**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease 8.0% Decreasing to 4.0% | Healthcare Cost Trend Rates 9.0% Decreasing to 5.0% | 1% Increase 10.0% Decreasing to 6.0% |
|--------------------|--|--|---|
| Net OPEB Liability | \$ 23,480,404 | \$ 26,911,297 | \$ 30,822,215 |

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:

| | |
|--|-----------------------------|
| Annual required contribution (ARC) | \$ 4,100,391 |
| Interest on net OPEB obligation | 835,871 |
| Adjustment to annual required contribution | <u>(605,749)</u> |
| Annual OPEB cost | 4,330,513 |
| Contributions made | <u>5,216,989</u> |
| Change in net OPEB obligation | (886,476) |
| Net OPEB obligation, beginning of year | <u>11,941,009</u> |
| Net OPEB Obligation, End of Year | <u><u>\$ 11,054,533</u></u> |

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:

| Fiscal Year Ended | Annual OPEB Cost (AOC) | Actual Contribution | Percentage of AOC Contributed | Net OPEB Obligation |
|----------------------------------|---------------------------------------|--------------------------------|--|--------------------------------|
| 10/31/2015 | \$ 4,416,172 | \$ 3,731,665 | 84.5% | \$ 10,220,586 |
| 10/31/2016 | 3,736,807 | 2,016,384 | 54.0% | 11,941,009 |
| 10/31/2017 | 4,330,513 | 5,216,989 | 120.5% | 11,054,333 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2017**

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Funded (Unfunded) AAL (UAAL) (a-b) | Percentage Funded (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((a-b)/c) |
|---|--|--|---|--|------------------------------------|---|
| 10/31/2017 \$ | 15,908,749 \$ | 41,333,174 \$ | (25,424,425) | 38.5% \$ | 23,591,016 | -107.8% |
| 10/31/2015 | | 49,281,961 | (49,281,961) | 0.0% | 22,427,960 | -219.7% |
| 10/31/2013 | | 66,851,556 | (66,851,556) | 0.0% | 20,204,098 | -330.9% |

The following schedule presents the net position held in trust for OPEB benefits at October 31, 2017 and the changes in net position for the year ended October 31, 2017:

| | City OPEB Trust Fund |
|------------------------------|---------------------------------|
| Assets: | |
| Investments: | |
| Mutual funds | \$ <u>15,908,749</u> |
| Total assets | <u>15,908,749</u> |
| Net Position: | |
| Restricted for OPEB Benefits | \$ <u><u>15,908,749</u></u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2017**

| | <u>City OPEB Trust Fund</u> |
|---|---------------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 5,023,793 |
| Plan members | 193,196 |
| Total contributions | <u>5,216,989</u> |
| Investment income: | |
| Net change in fair value of investments | <u>1,906,365</u> |
| Total additions | <u>7,123,354</u> |
| Deductions: | |
| Benefits | 2,371,199 |
| Administration | <u>24,673</u> |
| Total deductions | <u>2,395,872</u> |
| Change in Net Position | 4,727,482 |
| Net Position - Beginning of Year | <u>11,181,267</u> |
| Net Position - End of Year | <u>\$ 15,908,749</u> |

B. East Providence School Department Plan

Plan Description

The School Department administers a single-employer, defined benefit post-employment benefit plan. The plan provides medical, dental, and life insurance for eligible retirees and their dependents through the School Department'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 School Department and the respective unions. The plan does not issue a publicly available financial report.

Management of the post-employment benefits plan is vested with the School Finance Director under the direction of the Superintendent. Funds are managed by a third-party investment management firm.

Funding Policy

The School Department has established a trust fund to irrevocably segregate assets to fund the liability associated with post-employment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The annual required contribution (ARC) payment is transferred into this account annually from the School Unrestricted Fund and budgeted as part of the budgeting process, which is approved by the City Council.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

The School Department's funding strategy for post-employment obligations are based upon characteristics of benefits on distinct groups of employees established within their respective collective bargaining units and/or contracts.

Teacher 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).

At October 31, 2017, plan membership consisted of the following:

| | |
|-------------------|--------------------|
| Active employees | 826 |
| Retired employees | <u>239</u> |
| Total | <u><u>1065</u></u> |

Investments

Investment Policy

The School Department is responsible for directing and monitoring the investment and management of the assets. Under the plan document, the School Department has the power to make such rules and regulations as may be necessary for the administration of the plan and the fund and the investment and reinvestment of the assets. As such, the School Department is authorized to delegate certain responsibilities to professional experts in various fields. These include investment managers, custodians, and other specialists such as attorneys, actuaries, retirement plan consultants, and others to assist the School Department in meeting its responsibilities and obligations to administer the plan assets prudently.

The investment plan assets shall be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

Rate of return: For the year ended October 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 16.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2017**

Net OPEB Liability of the School Department

During the year, the School Department implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the City at October 31, 2017, were as follows:

| | | |
|--|----|-------------------------|
| Total OPEB liability | \$ | 7,917,299 |
| Plan fiduciary net position | | <u>2,595,575</u> |
| Net OPEB Liability | \$ | <u><u>5,321,724</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 32.78% |

The School Department’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at October 31, 2018.

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of October 31, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.75% |
| Salary increases | 3.0 - 13.0%, including inflation |
| Investment rate of return | 7.0%, net of OPEB plan investment expense, including inflation |
| Healthcare cost trend rates | 9.0% for 2017, decreasing 0.5% per year to an ultimate rate of 5.0% for 2026 and later years |

Mortality rates were based on RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) 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 percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of October 31, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------|--------------------------|---|
| U.S. equity | 48.3% | 6.1% |
| Non U.S. equity | 20.7% | 6.7% |
| U.S. aggregate bonds | 9.0% | 1.7% |
| Intermediate-Term Credit | 5.4% | 2.3% |
| Short-Term Credit | 3.6% | 2.0% |
| Intermediate-Term TIPS | 5.0% | 0.8% |
| REITs | 8.0% | 4.9% |
| Total | <u>100.0%</u> | <u>5.1%</u> |

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB 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 discount rate:

| | <u>1% Decrease 6.00%</u> | <u>Current Discount Rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|--------------------|------------------------------|--|------------------------------|
| Net OPEB Liability | \$ 5,775,907 | \$ 5,321,724 | \$ 4,900,426 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2017**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the School Department, as well as what the School Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease 8.0% Decreasing to 4.0% | Healthcare cost Trend Rates 9.0% Decreasing to 5.0% | 1% Increase 10.0% Decreasing to 6.0% |
|--------------------|--|--|---|
| Net OPEB Liability | \$ 4,820,037 | \$ 5,321,724 | \$ 5,902,879 |

Annual OPEB Cost and Net OPEB Obligation

The School Department's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal 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 School Department's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Department's net OPEB obligation:

| | |
|--|----------------------------|
| Annual required contribution (ARC) | \$ 1,350,666 |
| Interest on net OPEB obligation | (8,713) |
| Adjustment to annual required contribution | <u>16,327</u> |
| Annual OPEB cost | 1,358,280 |
| Contributions made | <u>1,342,764</u> |
| Change in net OPEB obligation | 15,516 |
| Net OPEB obligation (asset), beginning of year | <u>(124,470)</u> |
| Net OPEB Obligation (Asset), End of Year | <u><u>\$ (108,954)</u></u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 2017**

The School Department'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 (AOC)</u> | <u>Actual Contribution</u> | <u>Percentage of AOC Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------------|----------------------------|--------------------------------------|----------------------------|
| 10/31/2015 | \$ 2,641,830 | \$ 2,274,616 | 86.1% | \$ (333,904) |
| 10/31/2016 | 1,651,111 | 1,441,677 | 87.3% | (124,470) |
| 10/31/2017 | 1,358,280 | 1,342,764 | 98.9% | (108,954) |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Funded (Unfunded) AAL (UAAL) (a-b)</u> | <u>Percentage Funded (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a % of Covered Payroll ((a-b)/c)</u> |
|---------------------------------|--------------------------------------|--|---|--------------------------------|----------------------------|---|
| 10/31/2017 | \$ 2,595,575 | \$ 8,263,292 | \$ (5,667,717) | 31.4% | \$ 46,967,413 | -12.1% |
| 10/31/2015 | - | 10,403,730 | (10,403,730) | 0.0% | 27,591,816 | -37.7% |
| 10/31/2013 | - | 18,660,160 | (18,660,160) | 0.0% | 35,323,248 | -52.8% |

The following schedule presents the net position held in trust for OPEB benefits at October 31, 2017 and the changes in net position for the year ended October 31, 2017:

| | <u>School OPEB Trust Fund</u> |
|------------------------------|-------------------------------|
| Assets: | |
| Investments: | |
| Mutual funds | \$ <u>2,595,575</u> |
| Total assets | <u>2,595,575</u> |
| Net Position: | |
| Restricted for OPEB Benefits | \$ <u><u>2,595,575</u></u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

| | <u>School OPEB Trust Fund</u> |
|---|-----------------------------------|
| Additions: | |
| Contributions: | |
| Employer | \$ 2,157,091 |
| Plan members | |
| Total contributions | <u>2,157,091</u> |
| Investment income: | |
| Net change in fair value of investments | <u>326,997</u> |
| Total additions | <u>2,484,088</u> |
| Deductions: | |
| Benefits | 1,342,764 |
| Administration | <u>5,320</u> |
| Total deductions | <u>1,348,084</u> |
| Change in Net Position | 1,136,004 |
| Net Position - Beginning of Year | <u>1,459,571</u> |
| Net Position - End of Year | <u>\$ 2,595,575</u> |

11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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.

Grants

The City and School Department participate in a number of federally assisted programs. The audits of these programs through the year ended October 31, 2017 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.

12. ON-BEHALF PAYMENTS

The amount recognized in the School Unrestricted Fund revenues and expenditures for contributions made by the state on behalf of the East Providence School Department’s teachers to the State Employees’ Retirement System of Rhode Island was \$3,408,000.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

13. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

The following restatements were recorded to the beginning net position and fund balance for Governmental Activities, Business-Type Activities, School Unrestricted Fund, Nonmajor Governmental Fund, Water Fund, WPC Fund and OPEB Trust Fund:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>School Unrestricted Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Water Fund</u> | <u>WPC Fund</u> | <u>OPEB Trust Fund</u> |
|--|------------------------------------|-------------------------------------|---|--|-----------------------|----------------------|----------------------------|
| Net position/fund balance as previously reported at October 31, 2016 | \$ (103,846,479) | \$ 39,208,327 | \$ 7,052,782 | \$ 5,367,315 | \$ 19,283,882 | \$ 19,924,445 | \$ 11,181,267 |
| To record interest and lien fees receivable | 1,245,338 | | | | | | |
| To write-off prior year uncollectible receivable balance | (89,930) | | (89,930) | | | | |
| To record various adjustments to school nonmajor funds | 26,228 | | | 26,228 | | | |
| To allocate portion of net pension liability and related deferred inflows and outflows | 2,453,196 | (2,453,196) | | | (2,453,196) | | |
| To allocate portion of net OPEB obligation | 249,567 | (249,567) | | | (249,567) | | |
| To correct reporting of enterprise capital funds | (510,021) | 510,021 | | (510,021) | 510,021 | | |
| To correct recording of various long-term obligations | (242,567) | | | | | | |
| To gross up bonds payable with debt forgiveness component | | (2,235,250) | | | (1,064,954) | (1,170,296) | |
| To record opening balance of school OPEB trust | | | | | | | <u>1,459,571</u> |
| Net Position/Fund Balance as Restated at November 1, 2016 | <u>\$ (100,714,668)</u> | <u>\$ 34,780,335</u> | <u>\$ 6,962,852</u> | <u>\$ 4,883,522</u> | <u>\$ 16,026,186</u> | <u>\$ 18,754,149</u> | <u>\$ 12,640,838</u> |

A restatement was required to record interest and liens receivable on outstanding taxes receivable.

A restatement was required to correct the impact of an uncollectible receivable balance in the School Unrestricted Fund (\$89,930) and also to correct various nonmajor account balances (\$26,228).

A restatement to the net pension liability and the related deferred outflows and inflows was required to allocate a portion of the activity to the Water Fund.

A restatement to the net OPEB obligation was required to allocate a portion of the activity to the Water Fund.

A restatement was required to correct the reporting of capital funds related to Water Fund activity.

A restatement was required to correct the impact of a prior year debt refunding that was not reflected in the schedule of long-term liabilities (refunded issues were still being reported) in addition to long-term liabilities that were being reported but no longer existed.

A restatement was required to gross up bonds payable in both the Water Fund and the WPC Fund that contain an annual debt forgiveness component. The balances were being reported net of the entire forgiveness component over the life of the debt.

A restatement was required to reflect the opening balance of the school department's OPEB trust.

14. SUBSEQUENT EVENTS

On December 13, 2017, the City issued \$2,370,000 in bonds through the Rhode Island Infrastructure Bank. The proceeds will be used for energy efficiency improvements to City buildings.

On October 31, 2018, the City issued \$2,000,000 in bonds through the Rhode Island Infrastructure Bank. The proceeds will be used for water system improvements.

15. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 83, Certain Asset Retirement Obligations

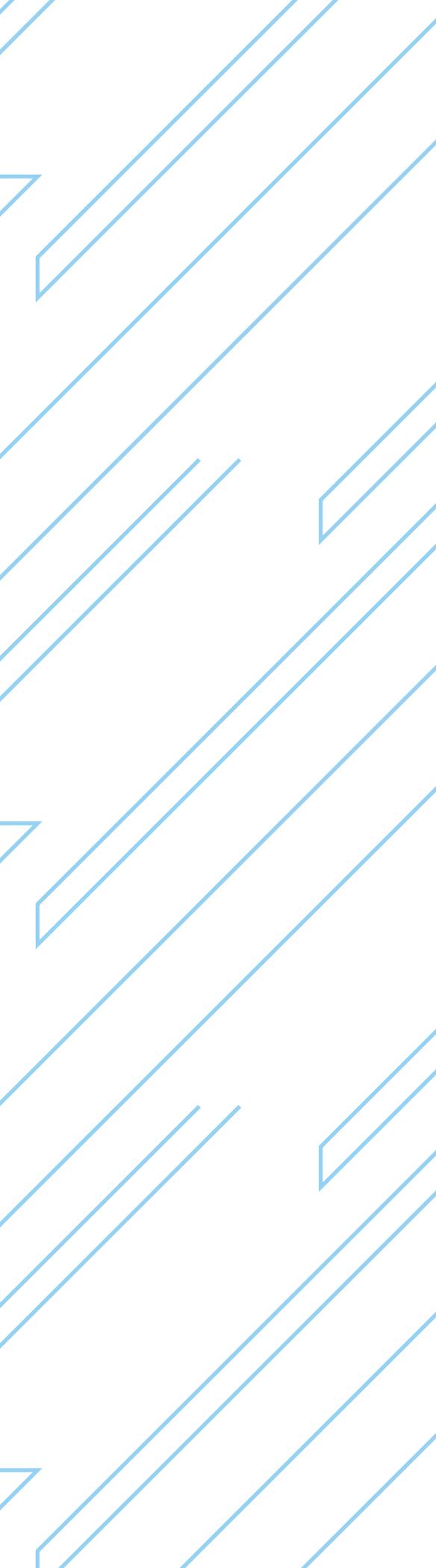
This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

GASB Statement No. 84, Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

GASB Statement No. 87, Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.



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 YEAR ENDED OCTOBER 31, 2017

RSI-1

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|------------------------------------|------------------------|---------------------|--------------------|---|
| Revenues: | | | | |
| Property taxes, interest and liens | \$ 104,557,915 | \$ 104,557,915 | \$ 104,687,397 | \$ 129,482 |
| Intergovernmental | 5,055,654 | 5,055,654 | 5,181,816 | 126,162 |
| Departmental | 6,966,883 | 6,966,883 | 7,794,241 | 827,358 |
| Interest on investments | | | 124,043 | 124,043 |
| Total revenues | <u>116,580,452</u> | <u>116,580,452</u> | <u>117,787,497</u> | <u>1,207,045</u> |
| Expenditures: | | | | |
| General government: | | | | |
| City council | 61,687 | 61,687 | 35,017 | 26,670 |
| City manager | 302,010 | 302,010 | 321,339 | (19,329) |
| Senior services | 375,328 | 375,328 | 384,407 | (9,079) |
| Information technology | 1,249,645 | 1,249,645 | 1,217,361 | 32,284 |
| City clerk | 692,190 | 692,190 | 698,589 | (6,399) |
| Finance director | 675,312 | 675,312 | 789,929 | (114,617) |
| Treasury | 500,966 | 500,966 | 467,599 | 33,367 |
| Purchasing | 199,312 | 199,312 | 57,560 | 141,752 |
| Assessment | 762,953 | 762,953 | 545,969 | 216,984 |
| Planning | 687,120 | 687,120 | 659,670 | 27,450 |
| Law | 369,133 | 369,133 | 337,867 | 31,266 |
| Human resources | 533,199 | 542,199 | 550,316 | (8,117) |
| Canvassing | 215,728 | 215,728 | 205,402 | 10,326 |
| Total general government | <u>6,624,583</u> | <u>6,633,583</u> | <u>6,271,025</u> | <u>362,558</u> |
| Public safety: | | | | |
| Police | 15,542,473 | 15,542,473 | 15,388,978 | 153,495 |
| Animal shelter | 335,180 | 335,180 | 293,221 | 41,959 |
| Harbor master | 49,350 | 49,350 | 51,774 | (2,424) |
| Fire | 19,215,488 | 19,215,488 | 19,401,151 | (185,663) |
| Building inspection | 763,875 | 763,875 | 802,956 | (39,081) |
| Total public safety | <u>35,906,366</u> | <u>35,906,366</u> | <u>35,938,080</u> | <u>(31,714)</u> |
| Public works: | | | | |
| Director | 270,257 | 270,257 | 274,991 | (4,734) |
| Engineering | 739,855 | 739,855 | 756,686 | (16,831) |
| Highway | 4,418,895 | 4,418,895 | 4,244,245 | 174,650 |
| Central garage | 787,261 | 787,261 | 799,927 | (12,666) |
| Streetlights | 700,000 | 700,000 | 678,982 | 21,018 |
| Public buildings | 1,290,756 | 1,290,756 | 1,301,805 | (11,049) |
| Total public works | <u>8,207,024</u> | <u>8,207,024</u> | <u>8,056,636</u> | <u>150,388</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
 FOR THE YEAR ENDED OCTOBER 31, 2017

RSI-1

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|------------------------|---------------------|----------------------------|---|
| Sanitation: | | | | |
| Refuse disposal | \$ 2,814,547 | \$ 2,814,547 | \$ 2,699,827 | \$ 114,720 |
| Public libraries | <u>2,299,774</u> | <u>2,299,774</u> | <u>2,194,096</u> | <u>105,678</u> |
| Parks and recreation: | | | | |
| Pierce stadium | 18,000 | 18,000 | 34,932 | (16,932) |
| Recreation | 781,344 | 781,344 | 806,350 | (25,006) |
| Carousel | <u>106,458</u> | <u>106,458</u> | <u>108,428</u> | <u>(1,970)</u> |
| Total parks and recreation | <u>905,802</u> | <u>905,802</u> | <u>949,710</u> | <u>(43,908)</u> |
| Capital | <u>1,448,967</u> | <u>1,448,967</u> | <u>962,047</u> | <u>486,920</u> |
| Debt service | <u>7,269,434</u> | <u>7,269,434</u> | <u>5,004,048</u> | <u>2,265,386</u> |
| Benefits and other miscellaneous | <u>7,549,113</u> | <u>7,549,113</u> | <u>7,079,740</u> | <u>469,373</u> |
| Total expenditures | <u>73,025,610</u> | <u>73,034,610</u> | <u>69,155,209</u> | <u>3,879,401</u> |
| Excess of Revenues over Expenditures | <u>43,554,842</u> | <u>43,545,842</u> | <u>48,632,288</u> | <u>5,086,446</u> |
| Other Financing Sources (Uses): | | | | |
| Appropriation of fund balance | 1,448,967 | 1,457,967 | | (1,457,967) |
| Transfers in | | | 139,342 | 139,342 |
| Operating transfer to school unrestricted | <u>(45,003,809)</u> | <u>(45,003,809)</u> | <u>(46,520,197)</u> | <u>(1,516,388)</u> |
| Total other financing uses | <u>(43,554,842)</u> | <u>(43,545,842)</u> | <u>(46,380,855)</u> | <u>(2,835,013)</u> |
| Net Change in Fund Balances - Budgetary Basis | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> | \$ <u><u>2,251,433</u></u> | \$ <u><u>2,251,433</u></u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
 BUDGETARY COMPARISON SCHEDULE - SCHOOL UNRESTRICTED FUND
 SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED OCTOBER 31, 2017

RSI-2

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|------------------------|---------------------|---------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ 34,448,966 | \$ 34,448,966 | \$ 35,551,329 | \$ 1,102,363 |
| Charges for services | | | 196,718 | 196,718 |
| Other revenue | | | 25,396 | 25,396 |
| Total revenues | <u>34,448,966</u> | <u>34,448,966</u> | <u>35,773,443</u> | <u>1,324,477</u> |
| Expenditures: | | | | |
| Education | <u>79,452,775</u> | <u>79,452,775</u> | <u>81,397,717</u> | <u>(1,944,942)</u> |
| Deficiency of Revenues Over Expenditures | <u>(45,003,809)</u> | <u>(45,003,809)</u> | <u>(45,624,274)</u> | <u>3,269,419</u> |
| Other Financing Sources: | | | | |
| Transfers in | <u>45,003,809</u> | <u>45,003,809</u> | <u>45,014,164</u> | <u>135,021,782</u> |
| Net Change in Fund Balances - Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | <u>(610,110)</u> | <u>\$ 138,291,201</u> |

Budgetary revenues are different than GAAP revenues because:

State of Rhode Island on-behalf contributions
to State pension plans are not budgeted. 3,408,000

Budgetary expenditures are different than GAAP expenditures because:

State of Rhode Island on-behalf contributions
to State pension plans are not budgeted. (3,408,000)

Net Change in Fund Balances - GAAP Basis \$ (610,110)

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE LOCAL PENSION PLAN
LAST THREE FISCAL YEARS*

RSI-3

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|-----------------------|
| Total pension liability: | | | |
| Service cost | \$ 3,455,749 | \$ 3,904,298 | \$ 4,206,988 |
| Interest | 15,671,330 | 12,492,276 | 11,945,938 |
| Differences between expected and actual experience | 1,774,809 | 16,904,538 | 4,477,160 |
| Changes of assumptions | (1,427,122) | (68,843,063) | 7,535,431 |
| Benefit payments, including refunds of member contributions | <u>(11,311,227)</u> | <u>(10,784,177)</u> | <u>(10,237,038)</u> |
| Net change in total pension liability | 8,163,539 | (46,326,128) | 17,928,479 |
| Total pension liability - beginning | <u>211,150,930</u> | <u>257,477,058</u> | <u>239,548,579</u> |
| Total pension liability - ending | <u>219,314,469</u> | <u>211,150,930</u> | <u>257,477,058</u> |
| Plan fiduciary net position: | | | |
| Contributions - employer | 6,327,364 | 5,816,231 | 6,435,589 |
| Contributions - employee | 1,302,238 | 1,284,211 | 1,263,128 |
| Net investment income | 17,310,859 | 4,389,968 | 2,104,629 |
| Benefit payments, including refunds of member contributions | (11,311,227) | (10,784,177) | (10,237,038) |
| Pension plan administrative expense | <u>(62,375)</u> | <u>(59,424)</u> | <u>(391,962)</u> |
| Net change in plan fiduciary net position | 13,566,859 | 646,809 | (825,654) |
| Plan fiduciary net position - beginning | <u>116,473,001</u> | <u>115,826,192</u> | <u>116,651,846</u> |
| Plan fiduciary net position - ending | <u>130,039,860</u> | <u>116,473,001</u> | <u>115,826,192</u> |
| Net Pension Liability - Ending | <u>\$ 89,274,609</u> | <u>\$ 94,677,929</u> | <u>\$ 141,650,866</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 59.29% | 55.16% | 44.99% |
| Covered-employee payroll | \$ 14,517,769 | \$ 15,021,061 | \$ 14,628,273 |
| Net pension liability as a percentage of covered payroll | 614.93% | 630.30% | 968.34% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
POLICE AND FIRE LOCAL PENSION PLAN
LAST TEN FISCAL YEARS**

RSI-4

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially-determined contribution | \$ 7,289,839 | \$ 5,921,652 | \$ 5,617,511 | \$ 5,436,880 | \$ 7,951,460 | \$ 7,525,388 | \$ 7,362,115 | \$ 6,878,284 | \$ 6,256,502 | \$ 4,830,407 |
| Contributions in relation to the actuarially-determined contribution | 6,327,364 | 5,816,231 | 6,435,589 | 5,606,148 | 7,784,310 | 1,590,445 | 1,437,580 | 1,400,002 | 1,567,216 | 1,564,102 |
| Contribution Deficiency (Excess) | \$ 962,475 | \$ 105,421 | \$ (818,078) | \$ (169,268) | \$ 167,150 | \$ 5,934,943 | \$ 5,924,535 | \$ 5,478,282 | \$ 4,689,286 | \$ 3,266,305 |
| Covered-employee payroll | \$ 15,021,061 | \$ 14,628,273 | \$ 13,861,789 | \$ 12,666,939 | \$ 12,542,000 | \$ 12,326,000 | \$ 11,770,000 | \$ 12,580,000 | \$ 13,190,000 | \$ 11,910,000 |
| Contributions as a percentage of covered-employee payroll | 42.12% | 39.76% | 46.43% | 44.26% | 62.07% | 12.90% | 12.21% | 11.13% | 11.88% | 13.13% |

Notes to Schedule

Valuation date October 31, 2017
Measurement date October 31, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method | 30-year closed level % of pay amortization of the excess of the entry age actuarial accrued liability over the actuarial value of plan assets. For this purpose, pay is assumed to grow at 3.75% annually. |
| Asset valuation method | Market value of assets |
| Inflation | 2.50% |
| Salary increases | 4.0% compounded annually |
| Investment rate of return | 7.50% |
| Retirement age | Age-based table |
| Mortality - Healthy | RP-2014 Blue Collar Mortality Table with improvements from 2006 to 2017 based on assumptions from the 2017 Social Security Administration Trustee's Report |
| Mortality - Disabled | RP-2014 Disabled Mortality with improvements from 2006 to 2017 based on assumptions from the 2017 Social Security Administration Trustee's Report |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
POLICE AND FIRE LOCAL PENSION PLAN
LAST FOUR FISCAL YEARS***

RSI-5

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 14.28% | 1.94% | 1.83% | 15.73% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS*

RSI-6

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|
| City's proportion of the net pension liability | 2.06% | 2.06% | 1.98% | 1.93% |
| City's proportionate share of the net pension liability | \$ 65,081,789 | \$ 61,441,400 | \$ 54,392,896 | \$ 46,902,474 |
| State's proportionate share of the net pension liability associated with the school district | <u>49,186,196</u> | <u>42,075,337</u> | <u>37,159,519</u> | <u>32,163,187</u> |
| Total | <u>\$ 114,267,985</u> | <u>\$ 103,516,737</u> | <u>\$ 91,552,415</u> | <u>\$ 79,065,661</u> |
| City's covered employee payroll | \$ 31,624,685 | \$ 33,832,476 | \$ 32,743,700 | \$ 31,697,700 |
| City's proportionate share of the net pension liability as a percentage of its covered employee payroll | 205.79% | 181.60% | 166.12% | 147.97% |
| Plan fiduciary net position as a percentage of the total pension liability | 54.00% | 54.06% | 57.55% | 61.40% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

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

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS***

RSI-7

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|
| Actuarially-determined contribution | \$ 4,824,845 | \$ 4,645,199 | \$ 4,305,249 | \$ 3,794,420 |
| Contributions in relation to the actuarially-determined contribution | <u>4,824,845</u> | <u>4,645,199</u> | <u>4,305,249</u> | <u>3,794,420</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 31,624,685 | \$ 33,832,476 | \$ 32,743,700 | \$ 31,697,700 |
| Contributions as a percentage of covered-employee payroll | 15.26% | 13.73% | 13.15% | 11.97% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

- 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.) In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)
LAST FOUR FISCAL YEARS*

RSI-8

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total pension liability: | | | | |
| Service cost | \$ 1,655,859 | \$ 1,569,286 | \$ 1,451,910 | \$ 1,497,818 |
| Interest | 7,596,902 | 7,655,003 | 7,436,366 | 7,307,825 |
| Changes of benefit terms | | | 2,000,052 | |
| Differences between expected and actual experience | (536,482) | (2,768,415) | (893,679) | |
| Changes of assumptions | 5,903,171 | | | (10,889) |
| Benefit payments | <u>(7,200,820)</u> | <u>(7,346,876)</u> | <u>(6,929,467)</u> | <u>(7,186,379)</u> |
| Net change in total pension liability | 7,418,630 | (891,002) | 3,065,182 | 1,608,375 |
| Total pension liability - beginning | <u>104,064,503</u> | <u>104,955,505</u> | <u>101,890,323</u> | <u>100,281,948</u> |
| Total pension liability - ending | <u>111,483,133</u> | <u>104,064,503</u> | <u>104,955,505</u> | <u>101,890,323</u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 4,600,763 | 4,382,613 | 3,537,324 | 3,440,709 |
| Contributions - employee | 566,714 | 545,479 | 320,534 | 320,779 |
| Net investment income | 6,668,333 | 32,571 | 1,432,717 | 8,364,016 |
| Benefit payments | (7,200,820) | (7,346,876) | (6,929,467) | (7,186,379) |
| Pension plan administrative expense | (63,000) | (107,691) | (59,227) | (52,375) |
| Other | <u>(428,614)</u> | <u>7,412</u> | <u>35,429</u> | <u>(161,450)</u> |
| Net change in plan fiduciary net position | 4,143,376 | (2,486,492) | (1,662,690) | 4,725,300 |
| Plan fiduciary net position - beginning | <u>58,648,991</u> | <u>61,135,483</u> | <u>62,798,173</u> | <u>58,072,873</u> |
| Plan fiduciary net position - ending | <u>62,792,367</u> | <u>58,648,991</u> | <u>61,135,483</u> | <u>62,798,173</u> |
| Net Pension Liability - Ending | <u>\$ 48,690,766</u> | <u>\$ 45,415,512</u> | <u>\$ 43,820,022</u> | <u>\$ 39,092,150</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 56.32% | 56.36% | 58.25% | 61.63% |
| Covered-employee payroll | \$ 18,859,437 | \$ 17,301,940 | \$ 15,990,195 | \$ 15,733,380 |
| Net pension liability as a percentage of covered payroll | 258.18% | 262.49% | 274.04% | 248.47% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS***

RSI-9

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|
| Actuarially-determined contribution | \$ 4,600,763 | \$ 4,382,613 | \$ 3,537,324 | \$ 3,440,709 |
| Contributions in relation to the actuarially-determined contribution | <u>4,600,763</u> | <u>4,382,613</u> | <u>3,537,324</u> | <u>3,440,709</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 18,859,437 | \$ 17,301,940 | \$ 15,990,195 | \$ 15,990,195 |
| Contributions as a percentage of covered-employee payroll | 24.40% | 25.33% | 22.12% | 21.52% |

Notes to Schedule

Valuation date July 1, 2016
Measurement date June 30, 2017

Actuarially-determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percent of payroll, closed |
| Remaining amortization period | 19 years |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary increases | 3.5% to 7.50% for general employees and 4% to 14% for Police and Fire |
| Investment rate of return | 7.00% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for 2014 valuation. |
| Mortality | Males: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000. |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET
TEACHERS' SURVIVORS BENEFITS PLAN
LAST FOUR FISCAL YEARS*

RSI-10

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|
| City's proportion of the net pension asset | 8.44% | 8.02% | 7.89% | 7.41% |
| City's proportionate share of the net pension asset | \$ 6,979,985 | \$ 7,985,342 | \$ 7,362,805 | \$ 9,214,210 |
| City's covered employee payroll | \$ 31,624,685 | \$ 33,832,476 | \$ 32,743,700 | \$ 31,697,700 |
| City's proportionate share of the net pension asset as a percentage of its covered employee payroll | 22.07% | 23.60% | 22.49% | 29.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 153.3% | 153.3% | 146.6% | 173.3% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

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

**CITY OF EAST PROVIDENCE, RHODE ISLAND
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS' SURVIVORS BENEFITS PLAN
 LAST FOUR FISCAL YEARS***

RSI-11

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|---------------|---------------|
| Statutorily determined contribution | \$ 49,771 | \$ 51,508 | \$ 47,588 | \$ 45,149 |
| Contributions in relation to the statutorily determined contribution | <u>49,771</u> | <u>51,508</u> | <u>47,588</u> | <u>45,149</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 31,624,685 | \$ 33,832,476 | \$ 32,743,700 | \$ 31,697,700 |
| Contributions as a percentage of covered-employee payroll | 0.16% | 0.15% | 0.15% | 0.14% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

- 1.) Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by Rhode Island General Laws, Section 16-16-35.
- 2.) In May 2017, the Employees' Retirement System of Rhode Island Board voted to lower the investment rate of return assumption from 7.5% to 7.0% which will be reflected in the determination of the net pension liability for the various plans administered by the System beginning with the June 30, 2017 measurement date valuations.

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN - CITY
LAST FISCAL YEAR*

RSI-12

| | <u>2017</u> |
|---|--------------------------|
| Total OPEB liability: | |
| Service cost | \$ 1,598,797 |
| Interest | 2,598,530 |
| Changes of benefit terms | (2,890,110) |
| Changes of assumptions | 1,734,512 |
| Differences between expected and actual experience | 5,460,910 |
| Benefit payments | <u>(2,371,199)</u> |
| Net change in total OPEB liability | 6,131,440 |
| Total OPEB liability - beginning | <u>36,688,606</u> |
| Total OPEB liability - ending | <u>42,820,046</u> |
| Plan fiduciary net position: | |
| Contributions - employer | 5,216,989 |
| Net investment income | 1,911,235 |
| Benefit payments | (2,371,199) |
| Administrative expense | <u>(29,543)</u> |
| Net change in plan fiduciary net position | 4,727,482 |
| Plan fiduciary net position - beginning | <u>11,181,267</u> |
| Plan fiduciary net position - ending | <u>15,908,749</u> |
| Net OPEB Liability - Ending | \$ <u>26,911,297</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 37.15% |
| Covered-employee payroll | \$ 23,591,016 |
| Net OPEB liability as a percentage of covered-employee payroll | 114.07% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN - SCHOOL
LAST FISCAL YEAR*

RSI-13

| | <u>2017</u> |
|---|-------------------------|
| Total OPEB liability: | |
| Service cost | \$ 222,290 |
| Interest | 454,036 |
| Changes of assumptions | (1,647,195) |
| Differences between expected and actual experience | 3,306,969 |
| Benefit payments | <u>(1,342,764)</u> |
| Net change in total OPEB liability | 993,336 |
| Total OPEB liability - beginning | <u>6,923,963</u> |
| Total OPEB liability - ending | <u>7,917,299</u> |
| Plan fiduciary net position: | |
| Contributions - employer | 2,157,091 |
| Net investment income | 326,997 |
| Benefit payments | (1,342,764) |
| Administrative expense | <u>(5,320)</u> |
| Net change in plan fiduciary net position | 1,136,004 |
| Plan fiduciary net position - beginning | <u>1,459,571</u> |
| Plan fiduciary net position - ending | <u>2,595,575</u> |
| Net OPEB Liability - Ending | \$ <u>5,321,724</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 32.78% |
| Covered-employee payroll | \$ 46,967,413 |
| Net OPEB liability as a percentage of covered-employee payroll | 11.33% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN - CITY
LAST NINE FISCAL YEARS**

RSI-14

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|-----------------------|-----------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 4,100,391 | \$ 3,645,401 | \$ 3,645,401 | \$ 4,330,882 | \$ 4,330,882 | \$ 5,547,669 | \$ 5,547,669 | \$ 5,138,868 | \$ 4,906,416 |
| Contributions in relation to the actuarially determined contribution | <u>5,216,989</u> | <u>7,772,836</u> | <u>8,721,571</u> | <u>3,424,015</u> | <u>3,424,015</u> | <u>3,728,228</u> | <u>3,728,228</u> | <u>2,755,302</u> | <u>2,510,526</u> |
| Contribution Deficiency (Excess) | \$ <u>(1,116,598)</u> | \$ <u>(4,127,435)</u> | \$ <u>(5,076,170)</u> | \$ <u>906,867</u> | \$ <u>906,867</u> | \$ <u>1,819,441</u> | \$ <u>1,819,441</u> | \$ <u>2,383,566</u> | \$ <u>2,395,890</u> |
| Covered-employee payroll | \$ 23,591,016 | \$ 22,427,960 | \$ 22,427,960 | \$ 22,427,960 | \$ 22,427,960 | \$ 22,427,960 | \$ 22,427,960 | \$ N/A | \$ N/A |
| Contributions as a percentage of covered-employee payroll | 22.11% | 34.66% | 38.89% | 15.27% | 15.27% | 16.62% | 16.62% | N/A | N/A |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Amortization period | 30 years |
| Asset valuation method | Market value |
| Inflation | 3.25% |
| Healthcare cost trend rates | 9.0% initial, decreasing 0.5% per year to an ultimate rate of 5.0% |
| Salary increases | 3.0% - 10.0%, including inflation |
| Investment rate of return | 7.00% |
| Mortality - Healthy Retirees | RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017 |
| Mortality - Disabled Retirees | RPH-2017 Disabled Mortality Table fully generational using scale MP-2017 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN - SCHOOL
LAST NINE FISCAL YEARS**

RSI-15

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 1,350,666 | \$ 1,626,290 | \$ 1,626,290 | \$ 2,595,520 | \$ 2,595,520 | \$ 3,810,380 | \$ 3,810,380 | \$ 2,029,870 | \$ 2,045,165 |
| Contributions in relation to the actuarially determined contribution | <u>2,157,091</u> | <u>1,441,677</u> | <u>1,441,677</u> | <u>2,085,638</u> | <u>2,085,638</u> | <u>3,157,313</u> | <u>2,896,617</u> | <u>3,784,314</u> | <u>3,448,122</u> |
| Contribution Deficiency (Excess) | \$ <u>(806,425)</u> | \$ <u>184,613</u> | \$ <u>184,613</u> | \$ <u>509,882</u> | \$ <u>509,882</u> | \$ <u>653,067</u> | \$ <u>913,763</u> | \$ <u>(1,754,444)</u> | \$ <u>(1,402,957)</u> |
| Covered-employee payroll | \$ 46,967,413 | \$ 27,591,816 | \$ 27,591,816 | \$ 35,323,248 | \$ 35,323,248 | \$ 38,107,684 | \$ 38,107,684 | \$ N/A | \$ N/A |
| Contributions as a percentage of covered-employee payroll | 4.59% | 5.23% | 5.23% | 5.90% | 5.90% | 8.29% | 7.60% | N/A | N/A |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Methods and assumptions used to determine contribution rates:

| | |
|-----------------------------|---|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of salary |
| Amortization period | 30 years |
| Asset valuation method | Market value |
| Inflation | 2.75% |
| Healthcare cost trend rates | 9.0% initial, decreasing 0.5% per year to an ultimate rate of 5.0% |
| Salary increases | 3.0% - 13.0%, including inflation |
| Investment rate of return | 7.00% |
| Mortality | RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017 |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN
LAST FISCAL YEAR***

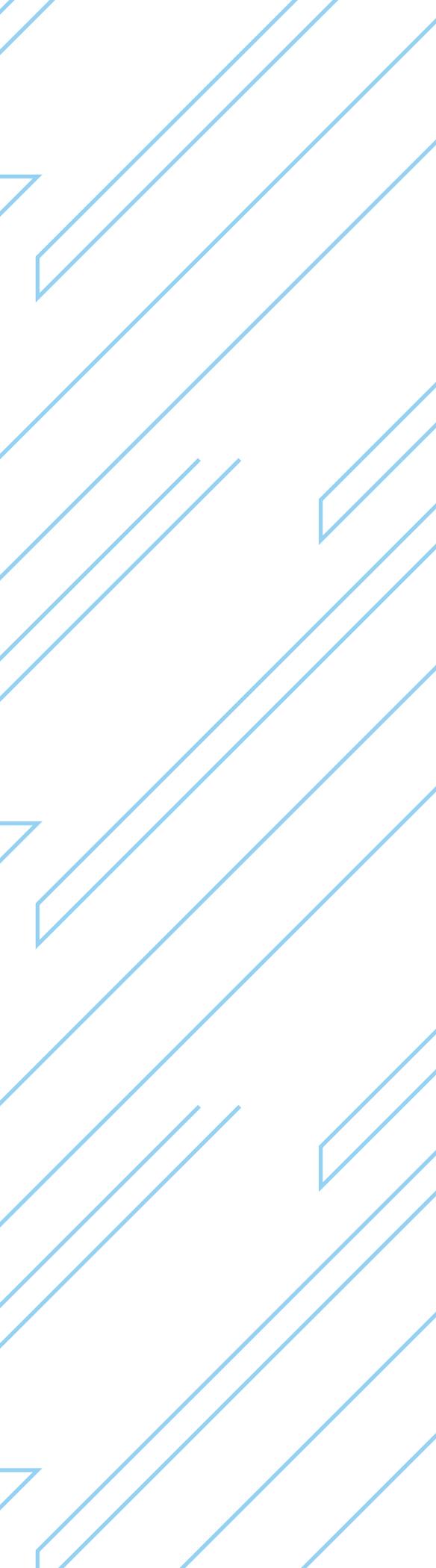
RSI-16

2017

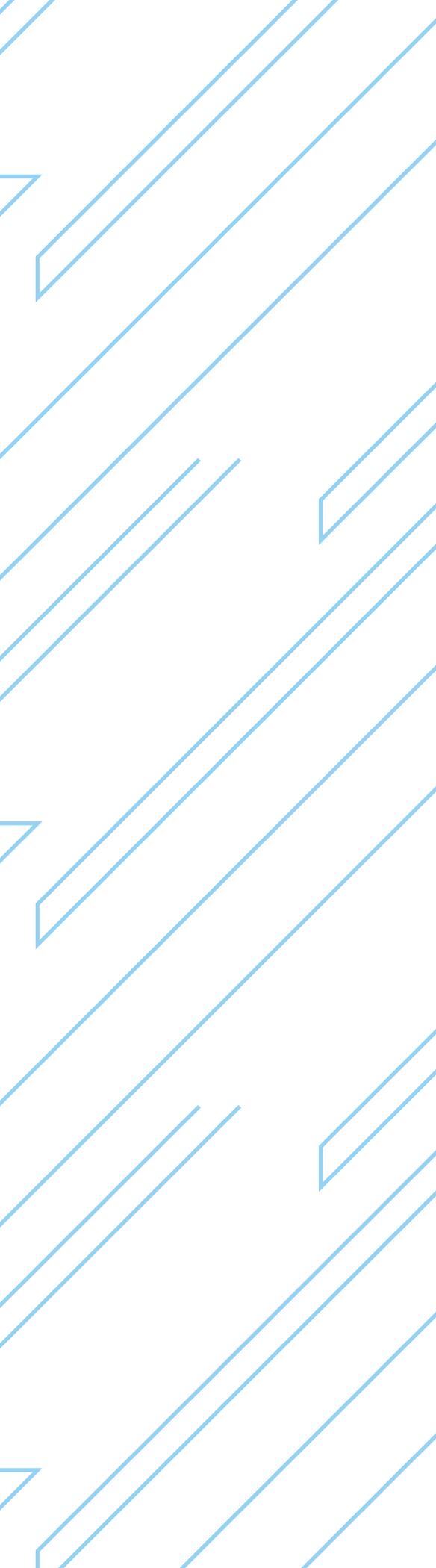
Annual money-weighted rate of return,
net of investment expense:

| | |
|-------------|--------|
| City Plan | 14.07% |
| School Plan | 16.13% |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**Supplemental,
Combining and
Individual
Fund Statements and
Schedules**



**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government, and which therefore cannot be diverted to other uses. The following is a list of special revenue funds in this section:

Byrne/JAG 2009 Formula - to account for grant proceeds received from the U.S. Department of Justice for the purpose of enhancing law enforcement operations and public safety.

Substance Abuse Grants - to account for grant proceeds to fight substance abuse.

Waterfront Stormwater Study - to account for stormwater study related expenditures.

Hazmat Reimbursement - to account for rescue related expenditures.

Hunts Mill / Tranquility Place - to account for improvement to Jones pond.

Project Dare - to account for underage drinking program.

Forfeited Drug State - to account for proceeds from drug related property seizures and related anti-drug expenditures.

DOJ Equitable Sharing - to account for proceeds from drug related property seizures and related anti-drug expenditures.

Forfeited Drug Federal - to account for proceeds from drug related property seizures and related anti-drug expenditures.

Emergency Management Program - to account for expenses for backup generators.

Historical Records Preservation - to account for fees and expenditures related to the preservation of historic records.

Senior Center Donations - to account for donations and expenditures related to the operation of the Senior Center.

Champlin Fund Weaver - to account for expenditures for library.

Crescent Park Carousel - to account for receipts and expenditures related to the Crescent Park Carousel.

Library Donation Fund - to account for library donations and related expenditures.

Friends of Ancient Little Neck Cemetery - to account for improvements to the cemetery.

Fire Decon Grant - to account for special training for hazmat issues.

Beautification Committee - to account for receipt and disbursements of grants, donations and related expenditures for to improvement of the City's aesthetics.

RIHPHC - to account for expenditures for mapping the first settlement.

RIDEM Central Ave Park - to account for expenditures for school playground.

RIDEM Sabin Point Stormwater - to account for grant funds and related expenditures.

NEIWPPC - to account for the cleanup plan for Narragansett Bay, more specifically Sabin Point.

Harbor Master - to account for receipts and expenditures related to removal of old vessels.

Community Development Activities - Established to account for the annual Entitlement Community program of the U.S. Department of Housing and Urban Development and related expenditures addressing housing and community development needs throughout East Providence. It provides assistance to the low and moderate income population of the City of East Providence.

School Restricted Funds - Funds established to account for federal, state, and private grant monies used for the benefit of the East Providence School Department. The following is a list of the School funds included in this section:

- IDEA Part B
- Pre-School Section 619
- Title I
- Title 1 1003 (A) Year 1
- Title 1 1003 (A) Year 2
- Title II
- Title III
- Perkins
- Perkins Odd Year
- Vocational Education Reserves
- Vocational Training for Adults
- Fresh Fruit & Vegetables
- Equipment Assistance Grant
- Enhanced Assessment Instruments
- EPHS Gym
- Legislative Middle School Sports
- Legislative Technology Francis
- Pre-K Grant
- RI State Council on the Arts
- Common Core State Standards
- CTE Categorical Fund Year 1
- CTE Categorical Fund Year 2
- CTE Categorical IT Program Year 1
- Permanent School Fund
- English Language Learner Categorical
- CTE Categorical Innovation and Equity
- Champlin Music/Media Lab
- Feinstein
- Feinstein Hennessey
- RI Foundation
- United Way
- Walmart
- Verizon
- Care New England Health System
- Donations & Gifts
- RI Council of the Arts
- Playground Donations
- RI Parent Information Network
- Am Assoc School Admin
- Sports Middle School
- Sports Donations
- High School Band
- Elementary School Donations
- Housing Aid Capital
- Wireless Classroom Initiative
- School Lunch Fund
- Summer School Remedial
- Adult Vocation Training Program Income
- Virtual Learning Program
- NOCTI Testing Fees

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS:

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

Miscellaneous Projects -to account for capital improvement projects.

Economic Development Projects - to account for capital improvements related to economic development.

Public Works Projects -to account for capital improvements related to road construction and other public works projects.

Capital Projects Fund - to account for all capital projects approved in the annual budget.

TIF Bond Fund - to account for activity of the Kettle Point Project TIF Bond.

PERMANENT FUNDS:

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The following permanent funds are reported as nonmajor governmental funds.

Nancy W. Miller Fund - to account for funds provided for the perpetual care of the City cemeteries.

George Bucklin Fund to account for funds provided for the perpetual care of the Newman Cemetery.

Lakeside Springvale - to account for funds provided for the perpetual care of the historic Lakeside and Springvale Cemeteries.

Little Neck Cemetery - to account for funds provided for the perpetual care of the historic Little Neck Cemetery.

FBO Newman - to accounts for funds provided for the perpetual care of the Newman Cemetery.

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
OCTOBER 31, 2017

EXHIBIT A-1

| | <u>Special Revenue Funds</u> | | | | <u>Total Nonmajor Governmental Funds</u> |
|---------------------------------------|---|--|--------------------------------------|----------------------------|--|
| | <u>Special Revenue Funds - City</u> | <u>Special Revenue Funds - School Restricted</u> | <u>Capital Project Funds</u> | <u>Permanent Funds</u> | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,053,604 | \$ 575,557 | \$ 914,723 | \$ 54,410 | \$ 2,598,294 |
| Investments | | | 4,083,567 | | 4,083,567 |
| Accounts receivable | 1,071,006 | 92,517 | | | 1,163,523 |
| Due from other governments | | 2,197,193 | | | 2,197,193 |
| Due from other funds | <u>989,615</u> | <u>537,544</u> | <u>3,430,505</u> | <u>40,810</u> | <u>4,998,474</u> |
| Total Assets | <u>\$ 3,114,225</u> | <u>\$ 3,402,811</u> | <u>\$ 8,428,795</u> | <u>\$ 95,220</u> | <u>\$ 15,041,051</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$ 21,011 | \$ 821,252 | \$ 617,601 | \$ | \$ 1,459,864 |
| Unearned revenue | 1,071,006 | | | | 1,071,006 |
| Due to other funds | <u>480,936</u> | <u>1,606,290</u> | | <u>47,722</u> | <u>2,134,948</u> |
| Total liabilities | <u>1,572,953</u> | <u>2,427,542</u> | <u>617,601</u> | <u>47,722</u> | <u>4,665,818</u> |
| Fund balances: | | | | | |
| Nonspendable | | | | 43,810 | 43,810 |
| Restricted | 1,595,618 | 1,195,409 | 7,811,194 | 3,688 | 10,605,909 |
| Unassigned | <u>(54,346)</u> | <u>(220,140)</u> | | | <u>(274,486)</u> |
| Total fund balances | <u>1,541,272</u> | <u>975,269</u> | <u>7,811,194</u> | <u>47,498</u> | <u>10,375,233</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,114,225</u> | <u>\$ 3,402,811</u> | <u>\$ 8,428,795</u> | <u>\$ 95,220</u> | <u>\$ 15,041,051</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-2

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|---|------------------------------------|---|------------------------------|--------------------|---|
| | Special Revenue Funds - City | Special Revenue Funds - School Restricted | Capital Projects Funds | Permanent Funds | |
| Revenues: | | | | | |
| Intergovernmental | \$ 1,571,102 | \$ 8,522,820 | \$ 9,275 | \$ | \$ 10,103,197 |
| Charges for services | | 721,789 | | | 721,789 |
| Investment and interest income | 711 | | 25,447 | | 26,158 |
| Contributions and private grants | 48,219 | | | 2,905 | 51,124 |
| Other revenue | 172,541 | 4,756 | | | 177,297 |
| Total revenues | <u>1,792,573</u> | <u>9,249,365</u> | <u>34,722</u> | <u>2,905</u> | <u>11,079,565</u> |
| Expenditures: | | | | | |
| General government | 815,960 | | | 1,571 | 817,531 |
| Public safety | 653,048 | | | | 653,048 |
| Public works | 38,280 | | | | 38,280 |
| Parks and recreation | 20,493 | | | | 20,493 |
| Education | | 8,297,541 | | | 8,297,541 |
| Capital outlay | | | 9,548,259 | | 9,548,259 |
| Debt service | | | 295,660 | | 295,660 |
| Total expenditures | <u>1,527,781</u> | <u>8,297,541</u> | <u>9,843,919</u> | <u>1,571</u> | <u>19,670,812</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>264,792</u> | <u>951,824</u> | <u>(9,809,197)</u> | <u>1,334</u> | <u>(8,591,247)</u> |
| Other Financing Sources (Uses): | | | | | |
| Bond proceeds | | | 10,600,000 | | 10,600,000 |
| Premium | | | 528,018 | | 528,018 |
| Capital lease issuance | | | 1,588,249 | | 1,588,249 |
| Transfers in | | | 1,506,033 | | 1,506,033 |
| Transfers out | (139,342) | | | | (139,342) |
| Net other financing sources (uses) | <u>(139,342)</u> | <u>-</u> | <u>14,222,300</u> | <u>-</u> | <u>14,082,958</u> |
| Net Change in Fund Balances | 125,450 | 951,824 | 4,413,103 | 1,334 | 5,491,711 |
| Fund Balances at Beginning of Year | <u>1,415,822</u> | <u>23,445</u> | <u>3,398,091</u> | <u>46,164</u> | <u>4,883,522</u> |
| Fund Balances at End of Year | <u>\$ 1,541,272</u> | <u>\$ 975,269</u> | <u>\$ 7,811,194</u> | <u>\$ 47,498</u> | <u>\$ 10,375,233</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING BALANCE SHEET
OCTOBER 31, 2017

EXHIBIT A-3

| | <u>Byrne/JAG 2009 Formula</u> | <u>Substance Abuse Grants</u> | <u>Waterfront Stormwater Study</u> | <u>Hazmat Reimbursement</u> | <u>Hunts Mill/ Tranquility Place</u> | <u>Project Dare</u> | <u>Forfeited Drug State</u> | <u>DOJ Equitable Sharing</u> |
|---------------------------------------|-----------------------------------|---------------------------------------|--|---------------------------------|--|---------------------|---------------------------------|--------------------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 582,155 |
| Accounts receivable | | | | | | | | |
| Due from other funds | <u>12,464</u> | <u>16,266</u> | | <u>43,995</u> | | <u>9,763</u> | <u>7,896</u> | |
| Total Assets | <u>\$ 12,464</u> | <u>\$ 16,266</u> | <u>\$ -</u> | <u>\$ 43,995</u> | <u>\$ -</u> | <u>\$ 9,763</u> | <u>\$ 7,896</u> | <u>\$ 582,155</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ 51 | \$ | \$ | \$ | \$ | \$ | \$ 2,067 |
| Unearned revenue | | | | | | | | |
| Due to other funds | | | | | <u>6,602</u> | | | <u>73,898</u> |
| Total liabilities | <u>-</u> | <u>51</u> | <u>-</u> | <u>-</u> | <u>6,602</u> | <u>-</u> | <u>-</u> | <u>75,965</u> |
| Fund balances: | | | | | | | | |
| Restricted | <u>12,464</u> | <u>16,215</u> | | <u>43,995</u> | | <u>9,763</u> | <u>7,896</u> | <u>506,190</u> |
| Unassigned | | | | | <u>(6,602)</u> | | | |
| Total fund balances | <u>12,464</u> | <u>16,215</u> | <u>-</u> | <u>43,995</u> | <u>(6,602)</u> | <u>9,763</u> | <u>7,896</u> | <u>506,190</u> |
| Total Liabilities and Fund Balances | <u>\$ 12,464</u> | <u>\$ 16,266</u> | <u>\$ -</u> | <u>\$ 43,995</u> | <u>\$ -</u> | <u>\$ 9,763</u> | <u>\$ 7,896</u> | <u>\$ 582,155</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-3

| | Forfeited Drug Federal | Emergency Management Program | Historical Records Preservation | Senior Center Donations | Champlin Fund Weaver | Crescent Park Carousel | Library Donation Fund | Friends of Ancient Little Neck Cemetery | Fire Decon Grant |
|---------------------------------------|------------------------------|------------------------------------|---------------------------------------|-------------------------------|----------------------------|------------------------------|-----------------------------|--|------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 276,457 | \$ | \$ 10,099 | \$ 108,314 | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | | |
| Due from other funds | 2,912 | 88,600 | 77,941 | 29,702 | 10,560 | 7,633 | 138,404 | 713 | |
| Total Assets | <u>2,912</u> | <u>88,600</u> | <u>354,398</u> | <u>29,702</u> | <u>20,659</u> | <u>115,947</u> | <u>138,404</u> | <u>713</u> | <u>-</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ 125 | \$ 1,767 | \$ | \$ | \$ | \$ | \$ |
| Unearned revenue | | | | | | | | | |
| Due to other funds | | | | | | | | | 2,363 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>125</u> | <u>1,767</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,363</u> |
| Fund balances: | | | | | | | | | |
| Restricted | 2,912 | 88,600 | 354,273 | 27,935 | 20,659 | 115,947 | 138,404 | 713 | |
| Unassigned | | | | | | | | | (2,363) |
| Total fund balances | <u>2,912</u> | <u>88,600</u> | <u>354,273</u> | <u>27,935</u> | <u>20,659</u> | <u>115,947</u> | <u>138,404</u> | <u>713</u> | <u>(2,363)</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,912</u> | <u>\$ 88,600</u> | <u>\$ 354,398</u> | <u>\$ 29,702</u> | <u>\$ 20,659</u> | <u>\$ 115,947</u> | <u>\$ 138,404</u> | <u>\$ 713</u> | <u>\$ -</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-3

| | Beautification Committee | RIHPHC | RIDEM Central Ave Park | RIDEM Sabin Point Stormwater | NEIWPPC | Harbor Master | Community Development Activities | Total Special Revenue Funds - City |
|---------------------------------------|-----------------------------|-------------|------------------------------|------------------------------------|----------------|------------------|--|--|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | 76,579 | \$ 1,053,604 |
| Accounts receivable | | | | | | | 1,071,006 | 1,071,006 |
| Due from other funds | 906 | | 48,667 | | | | 493,193 | 989,615 |
| Total Assets | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ 48,667</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,640,778</u> | <u>\$ 3,114,225</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ | 5,017 | \$ | \$ | 11,984 | \$ 21,011 |
| Unearned revenue | | | | | | | 1,071,006 | 1,071,006 |
| Due to other funds | | | | 37,016 | 3,348 | | 357,709 | 480,936 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>42,033</u> | <u>3,348</u> | <u>-</u> | <u>1,440,699</u> | <u>1,572,953</u> |
| Fund balances: | | | | | | | | |
| Restricted | 906 | | 48,667 | | | | 200,079 | 1,595,618 |
| Unassigned | | | | (42,033) | (3,348) | | | (54,346) |
| Total fund balances | <u>906</u> | <u>-</u> | <u>48,667</u> | <u>(42,033)</u> | <u>(3,348)</u> | <u>-</u> | <u>200,079</u> | <u>1,541,272</u> |
| Total Liabilities and Fund Balances | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ 48,667</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,640,778</u> | <u>\$ 3,114,225</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-4

| | <u>Byrne/JAG 2009 Formula</u> | <u>Substance Abuse Grants</u> | <u>Waterfront Stormwater Study</u> | <u>Hazmat Reimbursement</u> | <u>Hunts Mill/ Tranquility Place</u> | <u>Project Dare</u> | <u>Forfeited Drug State</u> | <u>DOJ Equitable Sharing</u> |
|--|-----------------------------------|---------------------------------------|--|---------------------------------|--|---------------------|---------------------------------|--------------------------------------|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 12,785 | \$ 9,136 | \$ - | \$ 39,153 | \$ 191,339 | \$ - | \$ 7,853 | \$ 265,723 |
| Investment and interest income | | | | | | | | |
| Contributions and private grants | | | | | | | | |
| Other revenue | | | | | | | | |
| Total revenues | <u>12,785</u> | <u>9,136</u> | <u>-</u> | <u>39,153</u> | <u>191,339</u> | <u>-</u> | <u>7,853</u> | <u>265,723</u> |
| Expenditures: | | | | | | | | |
| General government | | | | | 30,758 | | | |
| Public safety | 8,500 | 6,295 | | | | | 8,860 | 539,109 |
| Public works | | | | | | | | |
| Parks and recreation | | | | | | | | |
| Total expenditures | <u>8,500</u> | <u>6,295</u> | <u>-</u> | <u>-</u> | <u>30,758</u> | <u>-</u> | <u>8,860</u> | <u>539,109</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>4,285</u> | <u>2,841</u> | <u>-</u> | <u>39,153</u> | <u>160,581</u> | <u>-</u> | <u>(1,007)</u> | <u>(273,386)</u> |
| Other Financing Sources: | | | | | | | | |
| Transfers in | | | | | | | | |
| Transfers out | | | (139,342) | | | | | |
| Net other financing uses | <u>-</u> | <u>-</u> | <u>(139,342)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 4,285 | 2,841 | (139,342) | 39,153 | 160,581 | - | (1,007) | (273,386) |
| Fund Balances at Beginning of Year | <u>8,179</u> | <u>13,374</u> | <u>139,342</u> | <u>4,842</u> | <u>(167,183)</u> | <u>9,763</u> | <u>8,903</u> | <u>779,576</u> |
| Fund Balances at End of Year | <u>\$ 12,464</u> | <u>\$ 16,215</u> | <u>\$ -</u> | <u>\$ 43,995</u> | <u>\$ (6,602)</u> | <u>\$ 9,763</u> | <u>\$ 7,896</u> | <u>\$ 506,190</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-4

| | Forfeited Drug Federal | Emergency Management Program | Historical Records Preservation | Senior Center Donations | Champlin Fund Weaver | Crescent Park Carousel | Library Donation Fund | Friends of Ancient Little Neck Cemetery | Fire Decon Grant |
|--|------------------------------|------------------------------------|---------------------------------------|-------------------------------|----------------------------|------------------------------|-----------------------------|--|------------------------|
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ | \$ 700 | \$ 40,689 | \$ 17,079 | \$ 10,560 | \$ | \$ | \$ | \$ 62,160 |
| Investment and interest income | | | 279 | | 10 | 362 | | | |
| Contributions and private grants | | | | 7,680 | | 36,100 | 4,439 | | |
| Other revenue | | | 6,910 | | | | | | |
| Total revenues | <u>-</u> | <u>700</u> | <u>47,878</u> | <u>24,759</u> | <u>10,570</u> | <u>36,462</u> | <u>4,439</u> | <u>-</u> | <u>62,160</u> |
| Expenditures: | | | | | | | | | |
| General government | | | 8,809 | 19,488 | | | | | |
| Public safety | | 576 | | | | | | | 89,708 |
| Public works | | | | | | | | | |
| Parks and recreation | | | | | | 19,337 | | | |
| Total expenditures | <u>-</u> | <u>576</u> | <u>8,809</u> | <u>19,488</u> | <u>-</u> | <u>19,337</u> | <u>-</u> | <u>-</u> | <u>89,708</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>124</u> | <u>39,069</u> | <u>5,271</u> | <u>10,570</u> | <u>17,125</u> | <u>4,439</u> | <u>-</u> | <u>(27,548)</u> |
| Other Financing Sources: | | | | | | | | | |
| Transfers in | | | | | | | | | |
| Transfers out | | | | | | | | | |
| Net other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | - | 124 | 39,069 | 5,271 | 10,570 | 17,125 | 4,439 | - | (27,548) |
| Fund Balances at Beginning of Year | <u>2,912</u> | <u>88,476</u> | <u>315,204</u> | <u>22,664</u> | <u>10,089</u> | <u>98,822</u> | <u>133,965</u> | <u>713</u> | <u>25,185</u> |
| Fund Balances at End of Year | <u>\$ 2,912</u> | <u>\$ 88,600</u> | <u>\$ 354,273</u> | <u>\$ 27,935</u> | <u>\$ 20,659</u> | <u>\$ 115,947</u> | <u>\$ 138,404</u> | <u>\$ 713</u> | <u>\$ (2,363)</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-4

| | Beautification Committee | RIHPHC | RIDEM Central Ave Park | RIDEM Sabin Point Stormwater | NEIWPCC | Harbor Master | Community Development Activities | Total Special Revenue Funds - City |
|--|-----------------------------|--------------|------------------------------|------------------------------------|-------------------|------------------|--|--|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ | \$ 1,156 | \$ 238,000 | \$ | \$ | \$ 29,000 | \$ 645,769 | \$ 1,571,102 |
| Investment and interest income | | | | | | | 60 | 711 |
| Contributions and private grants | | | | | | | | 48,219 |
| Other revenue | | | | | | | 165,631 | 172,541 |
| Total revenues | <u>-</u> | <u>1,156</u> | <u>238,000</u> | <u>-</u> | <u>-</u> | <u>29,000</u> | <u>811,460</u> | <u>1,792,573</u> |
| Expenditures: | | | | | | | | |
| General government | | | | | | | 756,905 | 815,960 |
| Public safety | | | | | | | | 653,048 |
| Public works | | | | 34,932 | 3,348 | | | 38,280 |
| Parks and recreation | | 1,156 | | | | | | 20,493 |
| Total expenditures | <u>-</u> | <u>1,156</u> | <u>-</u> | <u>34,932</u> | <u>3,348</u> | <u>-</u> | <u>756,905</u> | <u>1,527,781</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>-</u> | <u>238,000</u> | <u>(34,932)</u> | <u>(3,348)</u> | <u>29,000</u> | <u>54,555</u> | <u>264,792</u> |
| Other Financing Sources: | | | | | | | | |
| Transfers in | | | | | | | | - |
| Transfers out | | | | | | | | (139,342) |
| Net other financing uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(139,342)</u> |
| Net Change in Fund Balances | - | - | 238,000 | (34,932) | (3,348) | 29,000 | 54,555 | 125,450 |
| Fund Balances at Beginning of Year | <u>906</u> | <u>-</u> | <u>(189,333)</u> | <u>(7,101)</u> | <u>-</u> | <u>(29,000)</u> | <u>145,524</u> | <u>1,415,822</u> |
| Fund Balances at End of Year | <u>\$ 906</u> | <u>\$ -</u> | <u>\$ 48,667</u> | <u>\$ (42,033)</u> | <u>\$ (3,348)</u> | <u>\$ -</u> | <u>\$ 200,079</u> | <u>\$ 1,541,272</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET
OCTOBER 31, 2017

EXHIBIT A-5

| | <u>IDEA Part B</u> | <u>Preschool Section 619</u> | <u>Title I</u> | <u>Title I 1003 (A) Year 1</u> | <u>Title I 1003 (A) Year 2</u> | <u>Title II</u> | <u>Title III</u> | <u>Perkins</u> | <u>Perkins Odd Year</u> |
|--|------------------------|----------------------------------|-------------------|------------------------------------|------------------------------------|------------------|------------------|-------------------|-----------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | 53,405 | |
| Due from other governments | 443,447 | 7,934 | 292,484 | | 23,527 | 57,498 | 786 | 206,451 | |
| Due from other funds | | | | | | | 1,357 | | |
| Total Assets | \$ 443,447 | \$ 7,934 | \$ 292,484 | \$ - | \$ 23,527 | \$ 57,498 | \$ 2,143 | \$ 259,856 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 71,399 | \$ | \$ 10,603 | \$ | \$ 6,500 | \$ 3,304 | \$ 343 | \$ 25,781 | \$ |
| Due to other funds | 315,460 | 7,934 | 281,914 | 2,109 | 8,064 | 51,380 | | 217,622 | 3,606 |
| Total liabilities | 386,859 | 7,934 | 292,517 | 2,109 | 14,564 | 54,684 | 343 | 243,403 | 3,606 |
| Fund balances: | | | | | | | | | |
| Restricted | 56,588 | | | | 8,963 | 2,814 | 1,800 | 16,453 | |
| Unassigned | | | (33) | (2,109) | | | | | (3,606) |
| Total fund balances | 56,588 | - | (33) | (2,109) | 8,963 | 2,814 | 1,800 | 16,453 | (3,606) |
| Total Liabilities and Fund Balances | \$ 443,447 | \$ 7,934 | \$ 292,484 | \$ - | \$ 23,527 | \$ 57,498 | \$ 2,143 | \$ 259,856 | \$ - |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-5

| | Vocational Education Reserves | Vocational Training for Adults | Fresh Fruits & Vegetables | Equipment Assistance Grant | Enhanced Assessment Instruments | EPHS Gym | Legislative Middle School Sports | Legislative Technology Francis | Pre-K Grant |
|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|---|--------------------------------------|-------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ (1) | \$ | \$ 1 | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | | |
| Due from other governments | 14,853 | | 26,845 | 5,000 | | | | | 240,547 |
| Due from other funds | | 18,141 | | | 254 | | 1,440 | | |
| Total Assets | <u>\$ 14,852</u> | <u>\$ 18,141</u> | <u>\$ 26,846</u> | <u>\$ 5,000</u> | <u>\$ 254</u> | <u>\$ -</u> | <u>\$ 1,440</u> | <u>\$ -</u> | <u>\$ 240,547</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 15 | \$ | \$ 20,655 | \$ | \$ | \$ | \$ | \$ | \$ 42,991 |
| Due to other funds | 14,727 | | 6,488 | 5,000 | | 1,130 | | 864 | 215,362 |
| Total liabilities | <u>14,742</u> | <u>-</u> | <u>27,143</u> | <u>5,000</u> | <u>-</u> | <u>1,130</u> | <u>-</u> | <u>864</u> | <u>258,353</u> |
| Fund balances: | | | | | | | | | |
| Restricted | 110 | 18,141 | | | 254 | | 1,440 | | |
| Unassigned | | | (297) | | | (1,130) | | (864) | (17,806) |
| Total fund balances | <u>110</u> | <u>18,141</u> | <u>(297)</u> | <u>-</u> | <u>254</u> | <u>(1,130)</u> | <u>1,440</u> | <u>(864)</u> | <u>(17,806)</u> |
| Total Liabilities and Fund Balances | <u>\$ 14,852</u> | <u>\$ 18,141</u> | <u>\$ 26,846</u> | <u>\$ 5,000</u> | <u>\$ 254</u> | <u>\$ -</u> | <u>\$ 1,440</u> | <u>\$ -</u> | <u>\$ 240,547</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-5

| | RI State Council on the Arts | Common Core State Standards | CTE Categorical Fund Year 1 | CTE Categorical Fund Year 2 | CTE Categorical IT Program Year 1 | Permanent School Fund | English Language Learner Categorical | CTE Categorical Innovation and Equity |
|---------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------|---|--|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | |
| Due from other governments | | | | | | | | |
| Due from other funds | 1,527 | | 306,848 | | | 109 | 1,341 | 908 |
| Total Assets | \$ 1,527 | \$ - | \$ 306,848 | \$ - | \$ - | \$ 109 | \$ 1,341 | \$ 908 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ 79,297 | \$ | \$ | \$ | \$ 7,722 | \$ |
| Due to other funds | | 5,603 | | 88,492 | 50,000 | | | |
| Total liabilities | - | 5,603 | 79,297 | 88,492 | 50,000 | - | 7,722 | - |
| Fund balances: | | | | | | | | |
| Restricted | 1,527 | | 227,551 | | | 109 | | 908 |
| Unassigned | | (5,603) | | (88,492) | (50,000) | | (6,381) | |
| Total fund balances | 1,527 | (5,603) | 227,551 | (88,492) | (50,000) | 109 | (6,381) | 908 |
| Total Liabilities and Fund Balances | \$ 1,527 | \$ - | \$ 306,848 | \$ - | \$ - | \$ 109 | \$ 1,341 | \$ 908 |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-5

| | <u>Champlin Music/ Media Lab</u> | <u>Feinstein</u> | <u>Feinstein Hennessey</u> | <u>RI Foundation</u> | <u>United Way</u> | <u>Walmart</u> | <u>Verizon</u> | <u>Care New England Health System</u> | <u>Donations & Gifts</u> |
|---------------------------------------|--|------------------|--------------------------------|--------------------------|-----------------------|----------------|------------------|---|----------------------------------|
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 3,000 | \$ 4,341 | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | | |
| Due from other governments | | | | | | | | | |
| Due from other funds | <u>170</u> | <u>14,717</u> | <u>106,161</u> | | <u>1,590</u> | <u>18</u> | <u>10,280</u> | <u>60</u> | <u>6,081</u> |
| Total Assets | <u>\$ 170</u> | <u>\$ 14,717</u> | <u>\$ 109,161</u> | <u>\$ 4,341</u> | <u>\$ 1,590</u> | <u>\$ 18</u> | <u>\$ 10,280</u> | <u>\$ 60</u> | <u>\$ 6,081</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ 2,781 | \$ 152 | \$ | \$ | \$ | \$ | \$ |
| Due to other funds | | | | <u>2,815</u> | | | | | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>2,781</u> | <u>2,967</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | | |
| Restricted | 170 | 14,717 | 106,380 | 1,374 | 1,590 | 18 | 10,280 | 60 | 6,081 |
| Unassigned | | | | | | | | | |
| Total fund balances | <u>170</u> | <u>14,717</u> | <u>106,380</u> | <u>1,374</u> | <u>1,590</u> | <u>18</u> | <u>10,280</u> | <u>60</u> | <u>6,081</u> |
| Total Liabilities and Fund Balances | <u>\$ 170</u> | <u>\$ 14,717</u> | <u>\$ 109,161</u> | <u>\$ 4,341</u> | <u>\$ 1,590</u> | <u>\$ 18</u> | <u>\$ 10,280</u> | <u>\$ 60</u> | <u>\$ 6,081</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-5

| | <u>RI Council of the Arts</u> | <u>Playground Donations</u> | <u>RI Parent Information Network</u> | <u>Am Assoc School Admin</u> | <u>Sports Middle School</u> | <u>Sports Donations</u> | <u>High School Band</u> | <u>Elementary School Donations</u> |
|---------------------------------------|-----------------------------------|---------------------------------|--|----------------------------------|-------------------------------------|-----------------------------|-----------------------------|--|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounts receivable | | | | | | | | |
| Due from other governments | | | | | | | | |
| Due from other funds | <u>400</u> | <u>23,713</u> | <u>1,181</u> | <u>430</u> | <u>3,397</u> | | <u>1,028</u> | <u>1,181</u> |
| Total Assets | <u>\$ 400</u> | <u>\$ 23,713</u> | <u>\$ 1,181</u> | <u>\$ 430</u> | <u>\$ 3,397</u> | <u>\$ -</u> | <u>\$ 1,028</u> | <u>\$ 1,181</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ | \$ | \$ 2,532 | \$ | \$ | \$ |
| Due to other funds | | | | | | <u>5,253</u> | | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,532</u> | <u>5,253</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | | | |
| Restricted | <u>400</u> | <u>23,713</u> | <u>1,181</u> | <u>430</u> | <u>865</u> | | <u>1,028</u> | <u>1,181</u> |
| Unassigned | | | | | | <u>(5,253)</u> | | |
| Total fund balances | <u>400</u> | <u>23,713</u> | <u>1,181</u> | <u>430</u> | <u>865</u> | <u>(5,253)</u> | <u>1,028</u> | <u>1,181</u> |
| Total Liabilities and Fund Balances | <u>\$ 400</u> | <u>\$ 23,713</u> | <u>\$ 1,181</u> | <u>\$ 430</u> | <u>\$ 3,397</u> | <u>\$ -</u> | <u>\$ 1,028</u> | <u>\$ 1,181</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING BALANCE SHEET (CONTINUED)
OCTOBER 31, 2017

EXHIBIT A-5

| | <u>Housing Aid Capital</u> | <u>Wireless Classroom Initiative</u> | <u>School Lunch Fund</u> | <u>Summer School Remedial</u> | <u>Adult Vocation Training Program Income</u> | <u>Virtual Learning Program</u> | <u>NOCTI Testing Fees</u> | <u>Total Special Revenue Funds - School Restricted</u> |
|---------------------------------------|--------------------------------|--|------------------------------|---------------------------------------|---|---|-----------------------------------|--|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 269,118 | \$ | \$ 299,098 | \$ | \$ | \$ | \$ | \$ 575,557 |
| Accounts receivable | | | 39,112 | | | | | 92,517 |
| Due from other governments | 353,628 | 186,086 | 338,107 | | | | | 2,197,193 |
| Due from other funds | | | | | 9,585 | 20,824 | 4,803 | 537,544 |
| Total Assets | <u>\$ 622,746</u> | <u>\$ 186,086</u> | <u>\$ 676,317</u> | <u>\$ -</u> | <u>\$ 9,585</u> | <u>\$ 20,824</u> | <u>\$ 4,803</u> | <u>\$ 3,402,811</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ | \$ 546,045 | \$ | \$ | \$ | \$ 1,132 | \$ 821,252 |
| Due to other funds | 61,520 | 186,086 | 36,295 | 38,566 | | - | | 1,606,290 |
| Total liabilities | <u>61,520</u> | <u>186,086</u> | <u>582,340</u> | <u>38,566</u> | <u>-</u> | <u>-</u> | <u>1,132</u> | <u>2,427,542</u> |
| Fund balances: | | | | | | | | |
| Restricted | 561,226 | | 93,977 | | 9,585 | 20,824 | 3,671 | 1,195,409 |
| Unassigned | | | | (38,566) | | | | (220,140) |
| Total fund balances | <u>561,226</u> | <u>-</u> | <u>93,977</u> | <u>(38,566)</u> | <u>9,585</u> | <u>20,824</u> | <u>3,671</u> | <u>975,269</u> |
| Total Liabilities and Fund Balances | <u>\$ 622,746</u> | <u>\$ 186,086</u> | <u>\$ 676,317</u> | <u>\$ -</u> | <u>\$ 9,585</u> | <u>\$ 20,824</u> | <u>\$ 4,803</u> | <u>\$ 3,402,811</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | <u>IDEA Part B</u> | <u>Preschool Section 619</u> | <u>Title I</u> | <u>Title I 1003 (A) Year 1</u> | <u>Title I 1003 (A) Year 2</u> | <u>Title II</u> | <u>Title III</u> | <u>Perkins</u> | <u>Perkins Odd Year</u> |
|--|------------------------|----------------------------------|------------------|------------------------------------|------------------------------------|-----------------|------------------|------------------|-----------------------------|
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ 1,706,299 | \$ 46,148 | \$ 1,685,408 | \$ | \$ 57,627 | \$ 360,526 | \$ 25,069 | \$ 241,202 | \$ |
| Charges for services | | | | | | | | | |
| Other revenue | | | | | | | | | |
| Total revenues | <u>1,706,299</u> | <u>46,148</u> | <u>1,685,408</u> | <u>-</u> | <u>57,627</u> | <u>360,526</u> | <u>25,069</u> | <u>241,202</u> | <u>-</u> |
| Expenditures: | | | | | | | | | |
| Education | <u>1,658,882</u> | <u>46,148</u> | <u>1,685,441</u> | <u>2,042</u> | <u>55,305</u> | <u>371,141</u> | <u>23,419</u> | <u>230,424</u> | <u>-</u> |
| Excess (Deficiency) of Revenues over Expenditures | 47,417 | - | (33) | (2,042) | 2,322 | (10,615) | 1,650 | 10,778 | - |
| Fund Balances at Beginning of Year | <u>9,171</u> | <u>-</u> | <u>-</u> | <u>(67)</u> | <u>6,641</u> | <u>13,429</u> | <u>150</u> | <u>5,675</u> | <u>(3,606)</u> |
| Fund Balances at End of Year | <u>\$ 56,588</u> | <u>\$ -</u> | <u>\$ (33)</u> | <u>\$ (2,109)</u> | <u>\$ 8,963</u> | <u>\$ 2,814</u> | <u>\$ 1,800</u> | <u>\$ 16,453</u> | <u>\$ (3,606)</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | Vocational Education Reserves | Vocational Training for Adults | Fresh Fruits & Vegetables | Equipment Assistance Grant | Enhanced Assessment Instruments | EPHS Gym | Legislative Middle School Sports | Legislative Technology Francis | Pre-K Grant |
|--|-------------------------------------|--------------------------------------|---------------------------------|----------------------------------|---------------------------------------|-------------------|---|--------------------------------------|--------------------|
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ 7,236 | \$ | \$ 89,327 | \$ 5,000 | \$ 2,282 | \$ | \$ 1,500 | \$ | \$ 1,441,111 |
| Charges for services | | | | | | | | | |
| Other revenue | | | | | | | | | |
| Total revenues | <u>7,236</u> | <u>-</u> | <u>89,327</u> | <u>5,000</u> | <u>2,282</u> | <u>-</u> | <u>1,500</u> | <u>-</u> | <u>1,441,111</u> |
| Expenditures: | | | | | | | | | |
| Education | <u>7,126</u> | | <u>89,327</u> | <u>5,000</u> | <u>2,282</u> | | | | <u>1,016,675</u> |
| Excess (Deficiency) of Revenues over Expenditures | 110 | - | - | - | - | - | 1,500 | - | 424,436 |
| Fund Balances at Beginning of Year | <u>-</u> | <u>18,141</u> | <u>(297)</u> | <u>-</u> | <u>254</u> | <u>(1,130)</u> | <u>(60)</u> | <u>(864)</u> | <u>(442,242)</u> |
| Fund Balances at End of Year | <u>\$ 110</u> | <u>\$ 18,141</u> | <u>\$ (297)</u> | <u>\$ -</u> | <u>\$ 254</u> | <u>\$ (1,130)</u> | <u>\$ 1,440</u> | <u>\$ (864)</u> | <u>\$ (17,806)</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | RI State Council on the Arts | Common Core State Standards | CTE Categorical Fund Year 1 | CTE Categorical Fund Year 2 | CTE Categorical IT Program Year 1 | Permanent School Fund | English Language Learner Categorical | CTE Categorical Innovation and Equity |
|--|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------|---|--|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 800 | \$ | \$ 206,332 | \$ | \$ | \$ | \$ 24,053 | \$ |
| Charges for services | | | | | | | | |
| Other revenue | | | | | | | | 2,408 |
| Total revenues | <u>800</u> | <u>-</u> | <u>206,332</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,053</u> | <u>2,408</u> |
| Expenditures: | | | | | | | | |
| Education | | | 207,014 | 33,810 | | | 30,434 | 1,500 |
| Excess (Deficiency) of Revenues over Expenditures | 800 | - | (682) | (33,810) | - | - | (6,381) | 908 |
| Fund Balances at Beginning of Year | <u>727</u> | <u>(5,603)</u> | <u>228,233</u> | <u>(54,682)</u> | <u>(50,000)</u> | <u>109</u> | <u>-</u> | <u>-</u> |
| Fund Balances at End of Year | <u>\$ 1,527</u> | <u>\$ (5,603)</u> | <u>\$ 227,551</u> | <u>\$ (88,492)</u> | <u>\$ (50,000)</u> | <u>\$ 109</u> | <u>\$ (6,381)</u> | <u>\$ 908</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | <u>Champlin Music/ Media Lab</u> | <u>Feinstein</u> | <u>Feinstein Hennessey</u> | <u>RI Foundation</u> | <u>United Way</u> | <u>Walmart</u> | <u>Verizon</u> | <u>Care New England Health System</u> | <u>Donations & Gifts</u> |
|--|--|------------------|--------------------------------|--------------------------|-----------------------|----------------|------------------|---|----------------------------------|
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ | \$ | \$ 13,000 | \$ 4,330 | \$ | \$ | \$ | \$ | \$ |
| Charges for services | | | | | | | | | |
| Other revenue | | | | | | | | | |
| Total revenues | <u>-</u> | <u>-</u> | <u>13,000</u> | <u>4,330</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | | |
| Education | <u>731</u> | | <u>(1,792)</u> | <u>3,234</u> | | | | | |
| Excess (Deficiency) of Revenues over Expenditures | (731) | - | 14,792 | 1,096 | - | - | - | - | - |
| Fund Balances at Beginning of Year | <u>901</u> | <u>14,717</u> | <u>91,588</u> | <u>278</u> | <u>1,590</u> | <u>18</u> | <u>10,280</u> | <u>60</u> | <u>6,081</u> |
| Fund Balances at End of Year | <u>\$ 170</u> | <u>\$ 14,717</u> | <u>\$ 106,380</u> | <u>\$ 1,374</u> | <u>\$ 1,590</u> | <u>\$ 18</u> | <u>\$ 10,280</u> | <u>\$ 60</u> | <u>\$ 6,081</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | <u>RI Council of the Arts</u> | <u>Playground Donations</u> | <u>RI Parent Information Network</u> | <u>Am Assoc School Admin</u> | <u>Sports Middle School</u> | <u>Sports Donations</u> | <u>High School Band</u> | <u>Elementary School Donor</u> |
|--|-----------------------------------|---------------------------------|--|----------------------------------|-------------------------------------|-----------------------------|---------------------------------|--|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ | \$ 30,276 | \$ | \$ | \$ | \$ | \$ | \$ |
| Charges for services | | | | | | | | |
| Other revenue | | | | 2,000 | | | | |
| Total revenues | <u>-</u> | <u>30,276</u> | <u>-</u> | <u>2,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures: | | | | | | | | |
| Education | | <u>3,936</u> | | <u>1,570</u> | | <u>15,855</u> | | <u>443</u> |
| Excess (Deficiency) of Revenues over Expenditures | - | 26,340 | - | 430 | - | (15,855) | - | (443) |
| Fund Balances at Beginning of Year | <u>400</u> | <u>(2,627)</u> | <u>1,181</u> | <u>-</u> | <u>865</u> | <u>10,602</u> | <u>1,028</u> | <u>1,624</u> |
| Fund Balances at End of Year | <u>\$ 400</u> | <u>\$ 23,713</u> | <u>\$ 1,181</u> | <u>\$ 430</u> | <u>\$ 865</u> | <u>\$ (5,253)</u> | <u>\$ 1,028</u> | <u>\$ 1,181</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT A-6

| | Housing Aid Capital | Wireless Classroom Initiative | School Lunch Fund | Summer School Remedial | Adult Vocation Training Program Income | Virtual Learning Program | NOCTI Testing Fees | Total Special Revenue Funds - School Restricted |
|--|------------------------|-------------------------------------|----------------------|------------------------------|---|--------------------------------|--------------------------|--|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 1,119,448 | \$ | \$ 1,453,640 | \$ | \$ | \$ 2,206 | \$ | \$ 8,522,820 |
| Charges for services | | | 721,789 | | | | | 721,789 |
| Other revenue | 348 | | - | | | | | 4,756 |
| Total revenues | <u>1,119,796</u> | <u>-</u> | <u>2,175,429</u> | <u>-</u> | <u>-</u> | <u>2,206</u> | <u>-</u> | <u>9,249,365</u> |
| Expenditures: | | | | | | | | |
| Education | <u>558,570</u> | | <u>2,251,161</u> | | | | <u>(2,137)</u> | <u>8,297,541</u> |
| Excess (Deficiency) of Revenues over Expenditures | 561,226 | - | (75,732) | - | - | 2,206 | 2,137 | 951,824 |
| Fund Balances at Beginning of Year | <u>-</u> | <u>-</u> | <u>169,709</u> | <u>(38,566)</u> | <u>9,585</u> | <u>18,618</u> | <u>1,534</u> | <u>23,445</u> |
| Fund Balances at End of Year | <u>\$ 561,226</u> | <u>\$ -</u> | <u>\$ 93,977</u> | <u>\$ (38,566)</u> | <u>\$ 9,585</u> | <u>\$ 20,824</u> | <u>\$ 3,671</u> | <u>\$ 975,269</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
OCTOBER 31, 2017

EXHIBIT A-7

| | <u>Miscellaneous Projects</u> | <u>Economic Development Projects</u> | <u>Public Works Projects</u> | <u>Capital Projects Fund</u> | <u>TIF Bond Fund</u> | <u>Total Capital Projects Funds</u> |
|---------------------------------------|-----------------------------------|--|----------------------------------|--------------------------------------|--------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ | \$ 914,723 | \$ | \$ | \$ | \$ 914,723 |
| Investments | | | | | 4,083,567 | 4,083,567 |
| Due from other funds | <u>897,817</u> | <u>9,275</u> | <u></u> | <u>2,523,413</u> | <u></u> | <u>3,430,505</u> |
| Total Assets | <u>\$ 897,817</u> | <u>\$ 923,998</u> | <u>\$ -</u> | <u>\$ 2,523,413</u> | <u>\$ 4,083,567</u> | <u>\$ 8,428,795</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | | | | | 617,601 | 617,601 |
| Fund balances: | | | | | | |
| Restricted | <u>897,817</u> | <u>923,998</u> | <u></u> | <u>2,523,413</u> | <u>3,465,966</u> | <u>7,811,194</u> |
| Total Fund Balances | <u>\$ 897,817</u> | <u>\$ 923,998</u> | <u>\$ -</u> | <u>\$ 2,523,413</u> | <u>\$ 4,083,567</u> | <u>\$ 8,428,795</u> |

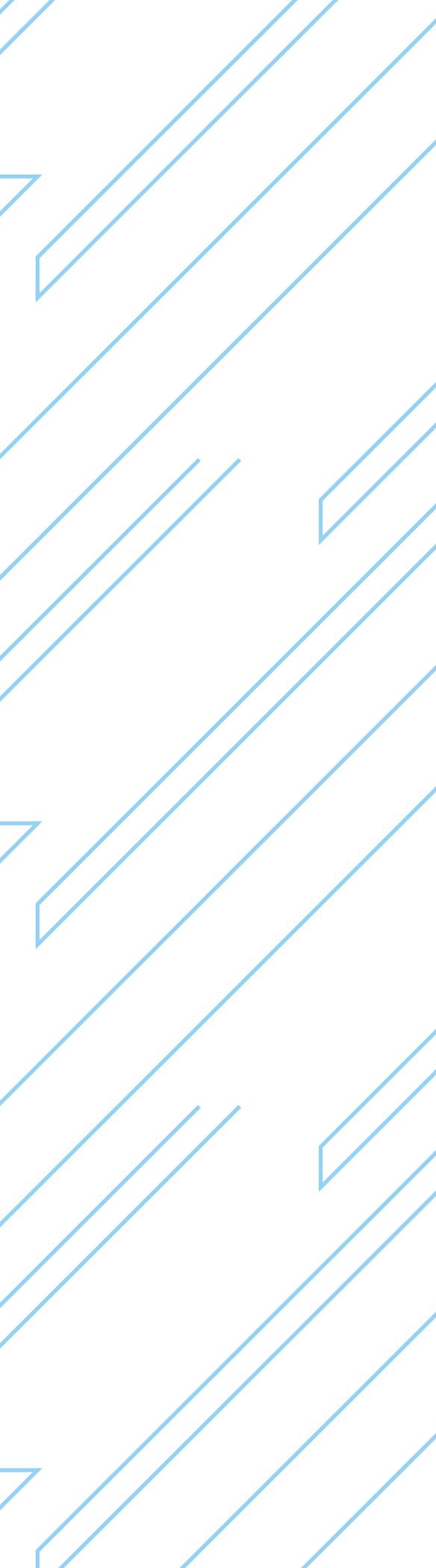
**NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017**

| | <u>Miscellaneous Projects</u> | <u>Economic Development Projects</u> | <u>Public Works Projects</u> | <u>Capital Projects Fund</u> | <u>TIF Bond Fund</u> | <u>Total Capital Projects Funds</u> |
|---|-----------------------------------|--|--------------------------------------|--------------------------------------|--------------------------|---|
| Revenues: | | | | | | |
| Intergovernmental | \$ | \$ 9,275 | \$ | \$ | \$ | \$ 9,275 |
| Investment and interest income | | 922 | | | 24,525 | 25,447 |
| Total revenues | <u>-</u> | <u>10,197</u> | <u>-</u> | <u>-</u> | <u>24,525</u> | <u>34,722</u> |
| Expenditures: | | | | | | |
| Capital outlay | | | 569,093 | 1,588,249 | 7,390,917 | 9,548,259 |
| Debt service | | | | | 295,660 | 295,660 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>569,093</u> | <u>1,588,249</u> | <u>7,686,577</u> | <u>9,843,919</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>10,197</u> | <u>(569,093)</u> | <u>(1,588,249)</u> | <u>(7,662,052)</u> | <u>(9,809,197)</u> |
| Other Financing Sources: | | | | | | |
| Bond proceeds | | | | | 10,600,000 | 10,600,000 |
| Premium | | | | | 528,018 | 528,018 |
| Capital lease issuance | | | | 1,588,249 | | 1,588,249 |
| Transfers in | | | | 1,506,033 | | 1,506,033 |
| Net other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,094,282</u> | <u>11,128,018</u> | <u>14,222,300</u> |
| Net Change in Fund Balances | - | 10,197 | (569,093) | 1,506,033 | 3,465,966 | 4,413,103 |
| Fund Balances at Beginning of Year | <u>897,817</u> | <u>913,801</u> | <u>569,093</u> | <u>1,017,380</u> | | <u>3,398,091</u> |
| Fund Balances at End of Year | <u>\$ 897,817</u> | <u>\$ 923,998</u> | <u>\$ -</u> | <u>\$ 2,523,413</u> | <u>\$ 3,465,966</u> | <u>\$ 7,811,194</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED OCTOBER 31, 2017**

EXHIBIT A-10

| | <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: | | | | | | |
| Contributions and private grants | \$ | \$ | \$ | \$ 2,905 | \$ | \$ 2,905 |
| Expenditures: | | | | | | |
| General government | | | | 1,571 | | 1,571 |
| Excess of Revenues over Expenditures | - | - | - | 1,334 | - | 1,334 |
| Fund Balances at Beginning of Year | <u>1,620</u> | <u>15,111</u> | <u>9,994</u> | <u>5,354</u> | <u>14,085</u> | <u>46,164</u> |
| Fund Balances at End of Year | <u>\$ 1,620</u> | <u>\$ 15,111</u> | <u>\$ 9,994</u> | <u>\$ 6,688</u> | <u>\$ 14,085</u> | <u>\$ 47,498</u> |



Fiduciary Funds

FIDUCIARY FUND TYPES

The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The agency funds of the City are as follows:

TRUST FUNDS:

Police and Firefighters Retirement System - to account for the accumulation of resources to be used for payment of retirement benefits for retired city police and firefighters.

City OPEB Trust Fund - to account for the accumulation of resources to be used for payments of healthcare benefits for retired city employees.

School OPEB Trust Fund - to account for the accumulation of resources to be used for payments of healthcare benefits for retired school employees.

AGENCY FUNDS:

Escrow Pending Forfeiture - to account for money seized by the police and awaiting disposition of the case.

Waterfront Commission - This fund accounts for monies held on Behalf of the Water front Commission.

Contractor's Escrow Account - This fund accounts for monies held by the City as retainage.

Dolly Searle Scholarship Account - This fund accounts for money to be awarded as scholarships.

Student Activities Fund - to account for monies received and expended for various student activities and groups.

**CITY OF EAST PROVIDENCE, RHODE ISLAND
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
OCTOBER 31, 2017**

EXHIBIT B-1

| | Police and Firefighters Retirement System | City Other-Post Employment Benefit Trust Fund | School Other-Post Employment Benefit Trust Fund | Total Pension and Other-Post Employment Benefit Trust Funds |
|---------------------------------|--|--|--|--|
| ASSETS | | | | |
| Investments, at fair value: | | | | |
| Mutual funds | \$ 113,501,161 | \$ 15,908,749 | \$ 2,595,575 | \$ 132,005,485 |
| Alternative investments | 16,537,704 | | | 16,537,704 |
| Member contribution receivable | 995 | | | 995 |
| Total Assets | <u>\$ 130,039,860</u> | <u>\$ 15,908,749</u> | <u>\$ 2,595,575</u> | <u>\$ 148,544,184</u> |
| NET POSITION | | | | |
| Net Position: | | | | |
| Restricted for pension benefits | 130,039,860 | | | 130,039,860 |
| Restricted for OPEB benefits | | 15,908,749 | 2,595,575 | 18,504,324 |
| Total Net Position | <u>\$ 130,039,860</u> | <u>\$ 15,908,749</u> | <u>\$ 2,595,575</u> | <u>\$ 148,544,184</u> |

**CITY OF EAST PROVIDENCE, RHODE ISLAND
PENSION AND OTHER POST-EMPLOYMENT BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OCTOBER 31, 2017**

EXHIBIT B-2

| | Police and Firefighters Retirement System | City Other-Post Employment Benefit Trust Fund | School Other-Post Employment Benefit Trust Fund | Total Pension and Other-Post Employment Benefit Trust Funds |
|--|--|--|--|--|
| Additions: | | | | |
| Contributions: | | | | |
| Employer contributions | \$ 6,327,364 | \$ 5,023,793 | \$ 2,157,091 | \$ 13,508,248 |
| Employee contributions | 1,302,238 | 193,196 | | 1,495,434 |
| Total contributions | <u>7,629,602</u> | <u>5,216,989</u> | <u>2,157,091</u> | <u>15,003,682</u> |
| Investment income: | | | | |
| Net change in fair value of investments | 16,415,343 | 1,906,365 | 326,997 | 18,648,705 |
| Interest and dividends | 1,190,695 | | | 1,190,695 |
| Total investment income | <u>17,606,038</u> | <u>1,906,365</u> | <u>326,997</u> | <u>19,839,400</u> |
| Total additions | <u>25,235,640</u> | <u>7,123,354</u> | <u>2,484,088</u> | <u>34,843,082</u> |
| Deductions: | | | | |
| Benefits | 11,311,885 | 2,371,199 | 1,342,764 | 15,025,848 |
| Operating expenses | 356,703 | 24,673 | 5,320 | 386,696 |
| Total deductions | <u>11,668,588</u> | <u>2,395,872</u> | <u>1,348,084</u> | <u>15,412,544</u> |
| Change in Net Position | 13,567,052 | 4,727,482 | 1,136,004 | 19,430,538 |
| Net Position at Beginning of Year, as Restated | <u>116,472,808</u> | <u>11,181,267</u> | <u>1,459,571</u> | <u>129,113,646</u> |
| Net Position at End of Year | <u>\$ 130,039,860</u> | <u>\$ 15,908,749</u> | <u>\$ 2,595,575</u> | <u>\$ 148,544,184</u> |

CITY OF EAST PROVIDENCE, RHODE ISLAND
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT B-3

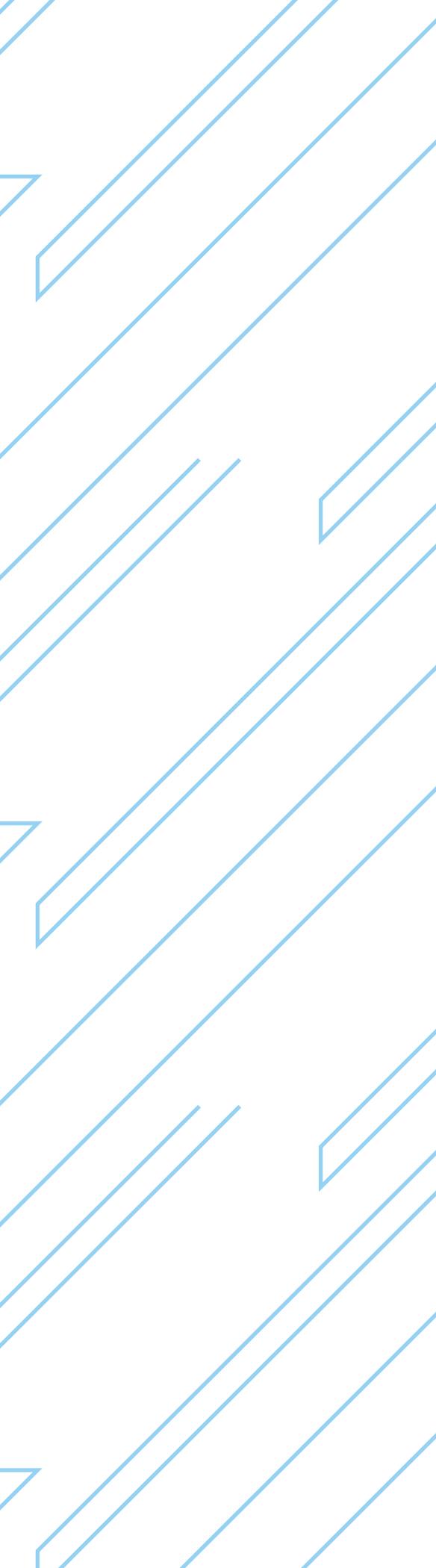
| | <u>Balance</u> <u>November 1, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>October 31, 2017</u> |
|---|---|------------------|-------------------|---|
| Escrow Pending Forfeiture | | | | |
| Assets: | | | | |
| Due from other funds | \$ 4,334 | \$ 23,242 | \$ 9,973 | \$ 17,603 |
| Total Assets | <u>\$ 4,334</u> | <u>\$ 23,242</u> | <u>\$ 9,973</u> | <u>\$ 17,603</u> |
| Liabilities: | | | | |
| Deposits held for others | \$ 4,334 | \$ 23,242 | \$ 9,973 | \$ 17,603 |
| Total Liabilities | <u>\$ 4,334</u> | <u>\$ 23,242</u> | <u>\$ 9,973</u> | <u>\$ 17,603</u> |
| Waterfront Commission | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 793 | \$ - | \$ 793 | \$ - |
| Due from other funds | 2,869 | - | 2,869 | - |
| Total Assets | <u>\$ 3,662</u> | <u>\$ -</u> | <u>\$ 3,662</u> | <u>\$ -</u> |
| Liabilities: | | | | |
| Deposits held for others | 3,662 | - | 3,662 | - |
| Total Liabilities | <u>\$ 3,662</u> | <u>\$ -</u> | <u>\$ 3,662</u> | <u>\$ -</u> |
| Contractor's Escrow Account | | | | |
| Assets: | | | | |
| Due from other funds | 110,402 | 56,825 | 5,000 | 162,227 |
| Total Assets | <u>\$ 110,402</u> | <u>\$ 56,825</u> | <u>\$ 5,000</u> | <u>\$ 162,227</u> |
| Liabilities: | | | | |
| Deposits held for others | 110,402 | 56,825 | 5,000 | 162,227 |
| Total Liabilities | <u>\$ 110,402</u> | <u>\$ 56,825</u> | <u>\$ 5,000</u> | <u>\$ 162,227</u> |
| Dolly Searle Scholarship Account | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 35,359 | \$ 36 | \$ - | \$ 35,395 |
| Due from other funds | - | 17,840 | 4,620 | 13,220 |
| Total Assets | <u>\$ 35,359</u> | <u>\$ 17,876</u> | <u>\$ 4,620</u> | <u>\$ 48,615</u> |
| Liabilities: | | | | |
| Due to other funds | \$ 100 | \$ - | \$ 100 | \$ - |
| Deposits held for others | 35,259 | 17,876 | 4,520 | 48,615 |
| Total Liabilities | <u>\$ 35,359</u> | <u>\$ 17,876</u> | <u>\$ 4,620</u> | <u>\$ 48,615</u> |

(Continued on next page)

CITY OF EAST PROVIDENCE, RHODE ISLAND
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED OCTOBER 31, 2017

EXHIBIT B-3

| | Balance November 1, 2016 | Additions | Deductions | Balance October 31, 2017 |
|--------------------------------|-----------------------------|---------------------|-----------------------------|-----------------------------|
| Student Activities Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 192,606 | \$ 536,938 | \$ 554,346 | \$ 175,198 |
| Due from other funds | <u> </u> | <u>772,744</u> | <u>632,984</u> | <u>139,760</u> |
| Total Assets | \$ <u>192,606</u> | \$ <u>1,309,682</u> | \$ <u>1,187,330</u> | \$ <u>314,958</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 30,965 | \$ 43,202 | \$ 68,867 | \$ 5,300 |
| Deposits held in custody | 148,297 | 1,149,403 | 1,059,325 | 238,375 |
| Due to other funds | <u>13,344</u> | <u>57,939</u> | <u> </u> | <u>71,283</u> |
| Total Liabilities | \$ <u>192,606</u> | \$ <u>1,250,544</u> | \$ <u>1,128,192</u> | \$ <u>314,958</u> |
| Total | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 228,758 | \$ 536,974 | \$ 555,139 | \$ 210,593 |
| Due from other funds | <u>117,605</u> | <u>870,651</u> | <u>655,446</u> | <u>332,810</u> |
| Total Assets | \$ <u>346,363</u> | \$ <u>1,407,625</u> | \$ <u>1,210,585</u> | \$ <u>543,403</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 30,965 | \$ 43,202 | \$ 68,867 | \$ 5,300 |
| Due to other funds | 13,444 | 57,939 | 100 | 71,283 |
| Deposits held for others | <u>301,954</u> | <u>1,247,346</u> | <u>1,082,480</u> | <u>466,820</u> |
| Total Liabilities | \$ <u>346,363</u> | \$ <u>1,348,487</u> | \$ <u>1,151,447</u> | \$ <u>543,403</u> |



Other Schedules

**CITY OF EAST PROVIDENCE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE YEAR ENDED OCTOBER 31, 2017**

| <u>Tax Roll Year</u> | <u>Property Taxes Receivable November 1, 2016</u> | <u>Current Year Assessment</u> | <u>Transfers Addendums (Net)</u> | <u>Abatements and Adjustments</u> | <u>Amount to be Collected</u> | <u>Collections Net of Refunds</u> | <u>Balance October 31, 2017</u> |
|--|---|--------------------------------|----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|---------------------------------|
| 2017 | \$ | \$ 104,965,886 | \$ 253,010 | \$ 1,230,549 | \$ 103,988,347 | \$ 80,168,675 | \$ 23,819,672 |
| 2016 | 23,859,129 | | 543,671 | 47,529 | 24,355,271 | 22,708,907 | 1,646,364 |
| 2015 | 2,077,376 | | 17,863 | 250,056 | 1,845,183 | 1,072,495 | 772,688 |
| 2014 | 724,403 | | 1,649 | (9,603) | 735,655 | 245,857 | 489,798 |
| 2013 | 470,814 | | 2,040 | 59,869 | 412,985 | 57,103 | 355,882 |
| 2012 | 286,613 | | 72,950 | 87,106 | 272,457 | 13,392 | 259,065 |
| 2011 and prior | <u>1,090,677</u> | | <u>317</u> | <u>227,798</u> | <u>863,196</u> | <u>15,174</u> | <u>848,022</u> |
| Total | 28,509,012 | <u>\$ 104,965,886</u> | <u>\$ 891,500</u> | <u>\$ 1,893,304</u> | <u>\$ 132,473,094</u> | <u>\$ 104,281,603</u> | 28,191,491 |
| Less: allowance for uncollectible accounts | <u>-</u> | | | | | | <u>-</u> |
| Net Property Taxes Receivable | <u>\$ 28,509,012</u> | | | | | | <u>\$ 28,191,491</u> |

**Schedule of Net Assessed Property Value by Category
Assessed December 31, 2016**

| <u>Description of Property</u> | <u>Valuations</u> | <u>Levy</u> |
|--------------------------------|-------------------------|-----------------------|
| Real property | \$ 3,829,851,700 | \$ 80,039,877 |
| Motor vehicle | 352,446,255 | 10,442,898 |
| Tangible property | <u>268,390,450</u> | <u>14,483,111</u> |
| Total | 4,450,688,405 | 104,965,886 |
| Exemptions and adjustments | <u>445,894,655</u> | |
| Net Assessed Value | <u>\$ 4,004,793,750</u> | <u>\$ 104,965,886</u> |