CITY OF EAST PROVIDENCE

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED OCTOBER 31, 2014

Prepared by: Finance Department

EAST PROVIDENCE, RHODE ISLAND

CITY OF EAST PROVIDENCE, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2014

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of City Officials

CITY OF EAST PROVIDENCE, RHODE ISLAND

PRINCIPAL OFFICALS

CITY COUNCIL

Thomas Rose, Mayor
Robert Britto
Helder J. Cunha, Assistant Mayor
Timothy Conley
Tracy A Capobianco

CITY OFFICIALS

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

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

PP&A *Peak Performance in Accounting*

Parmelee Poirier & Associates, LLP **Certified Public Accountants**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of East Providence, Rhode Island (the City) as of and for the year ended October 31, 2014 which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and

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the aggregate remaining fund information of the City as of October 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statement that collectively comprises the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

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

Parmelee Poirier & Assoc. LLP

Parmelee, Poirier & Associates, LLP
May 7, 2015

Management's Discussion and Analysis

CITY OF EAST PROVIDENCE, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of East Providence presents this Management's Discussion and Analysis of the City's Annual Financial Report for the readers of the financial statements. This narrative overview and analysis of the financial statements of the City of East Providence is for fiscal year ended October 31, 2014.

Our discussion includes a series of comparative tables, which serve to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business - type activities and total activities for the 2013 and 2014 fiscal years. We encourage readers to consider the information presented in this narrative in conjunction with additional information that we have provided herein.

FINANCIAL HIGHLIGHTS & SCHOOL SURPLUS

The City requires that any unreserved fund balance that exceeds 10% of revenues, be transferred to a Capital Fund to be used solely for financing capital projects. The surplus from the fiscal year 2014 was projected to be $3,051,618. The City's total General Fund fund balance as of October 31, 2014 was $23,175,581.

The School Department reported a surplus of $2,989,978, bringing their accumulated fund balance to $5,461,620 as of October 31, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

- *Proprietary fund* statements offer short and long term financial information about the activities the Government operates similar to businesses, such as the sewer system

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

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

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

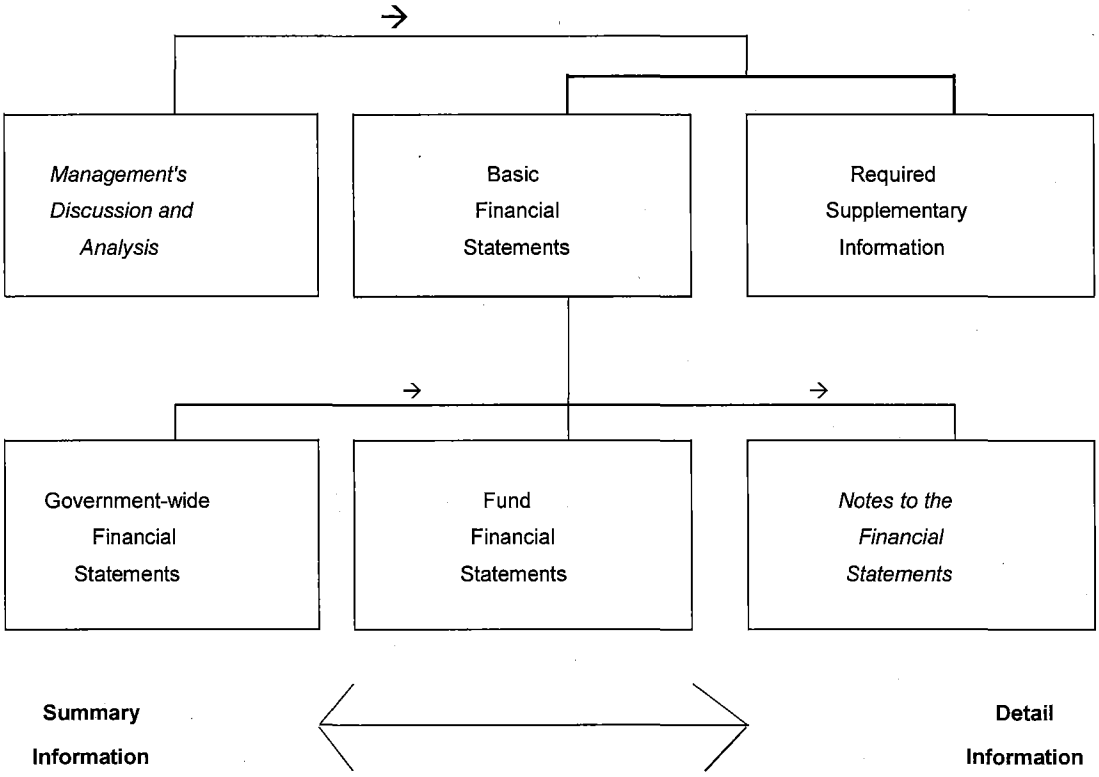

Figure A- 2

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

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

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

Government-Wide Statements

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

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

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

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

- *Governmental activities* - Most of the City's basic services are included here, such as the police, fire, library, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* - The City charges fees to customers to cover the costs of certain services it provides. The City water and waste water system are included here.
- *Component units* - The City does not have any entities that are deemed to be component units. The government-wide financial statements are reported on pages 13 and 14.

Fund Financial Statements

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

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

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

Fund Financial Statements (Continued):

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

The City maintains 110 governmental funds; two are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The City's two major governmental funds are:

- General Fund
- School Unrestricted Fund

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indictor of a government's financial position. The City's combined net position (government and business-type activities) totaled $81,241,122 at the close of the most recent fiscal year.

The largest portion of the City's net position, $69,825,548 reflects its investment in capital such as land, building, equipment, and infrastructure, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of East Providence
Net Position

	October 31, 2013			*October 31, 2014*		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Current and Other Assets	$ 69,341,861	$ 16,810,283	$ 86,152,144	$ 80,918,796	$ 12,057,072	$ 92,975,868
Capital assets	88,098,521	88,208,285	176,306,806	88,232,128	87,027,741	175,259,869
Other assets	702,388	-	702,388	702,388	-	702,388
Total Assets	158,142,770	105,018,568	263,161,338	169,853,312	99,084,813	268,938,125
Other Liabilities	16,210,943	9,132,515	25,343,458	15,968,251	5,074,039	21,042,290
Long-Term Liabilities	112,135,676	62,033,570	174,169,246	107,515,756	59,138,957	166,654,713
Total Liabilities	128,346,619	71,166,085	199,512,704	123,484,007	64,212,996	187,697,003
Net Position:						
Invested in Capital Net of Related Debt	41,844,630	27,283,663	69,128,293	45,706,401	28,196,110	73,902,511
Restricted	3,238,381	908,120	4,146,501	4,822,235	-	4,822,235
Unrestricted	(15,286,860)	5,660,700	(9,626,160)	(4,159,331)	6,675,707	2,516,376
Total Net Position	$ 29,796,151	$ 33,852,483	$ 63,648,634	$ 46,369,305	$ 34,871,817	$ 81,241,122

An additional portion of the City's net position, $4,822,235 represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of unrestricted net position $2,516,376 may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

City of East Providence
Changes in Net Position

	October 31, 2013			October 31, 2014		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Revenues						
Program revenues						
Charges for services	$ 5,708,335	$17,908,716	$23,617,051	$10,557,593	$20,540,353	$31,097,946
Operating Grants and Contributions	86,785,072	-	86,785,072	38,969,399	-	38,969,399
Capital Grants and Contributions	6,921,865	276,000	7,197,865	2,115,602	-	2,115,602
General Revenues						
Property taxes	101,530,722	-	101,530,722	101,361,255	-	101,361,255
State general revenue sharing	4,721,193	-	4,721,193	5,004,002	-	5,004,002
Miscellaneous	14,864	180	15,044	11,719	55	11,774
Total revenues	205,682,051	18,184,896	223,866,947	158,019,570	20,540,408	178,559,978
Expenses						
General government	8,438,275	-	8,438,275	5,059,878	-	5,059,878
Public safety	83,427,258	-	83,427,258	34,991,852	-	34,991,852
Public works	7,225,106	-	7,225,106	7,598,715	-	7,598,715
Public libraries	1,813,592	-	1,813,592	910,658	-	910,658
Parks and recreation	2,803,263	-	2,803,263	2,589,869	-	2,589,869
Sanitation	2,021,898		2,021,898	1,914,586		1,914,586
Education	77,971,842	-	77,971,842	82,026,462	-	82,026,462
Miscellaneous	4,795,575	-	4,795,575	4,452,208	-	4,452,208
Debt service	1,835,918	-	1,835,918	2,190,229	-	2,190,229
Water Fund Expenses	-	6,075,630	6,075,630	-	6,412,555	6,412,555
WPC Fund Expenses	-	11,664,764	11,664,764	-	12,467,314	12,467,314
Total expenses	190,332,727	17,740,394	208,073,121	141,734,457	18,879,869	160,614,326
Excess/(deficiency) before transfers	15,349,324	444,502	15,793,826	16,285,113	1,660,539	17,945,652
Transfers	60,000	(60,000)	-	-	-	-
Change in net position	15,409,324	384,502	15,793,826	16,285,113	1,660,539	17,945,652
Net position - beginning	14,386,827	33,467,981	47,854,808	29,796,151	33,852,483	63,648,634
Prior period adjustments (see Note 18)	-	-	-	288,041	(641,205)	(353,164)
Net position - beginning re-stated	14,386,827	33,467,981	47,854,808	30,084,192	33,211,278	63,295,470
Net position - ending	$29,796,151	$33,852,483	$63,648,634	$46,369,305	$34,871,817	$81,241,122

Governmental activities — Governmental activities increased the City's net assets by $16,285,113. Business-type activities - Business-type activities increased the City's net position by $1,660,539.

Financial Analysis of the Government's Funds

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

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

Governmental Funds (Continued):

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $36,247,314 an increase of $10,593,232 in comparison with the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was $23,175,581.

The fund balance in the City's general fund increased by $10,776,878 during the current fiscal year.

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

Unrestricted net position of the water fund at the end of the year amounted to $2,879,065, an increase of $218,064. In the wastewater fund, unrestricted net position amounted to $3,796,642, an increase of $796,943.

General Fund Budgetary Highlights

The budget passed in October 2014. Revenue exceeded budget estimates substantially.
The following Revenue Sources had revenue that was materially over budget for the fiscal year:

a) Property taxes collected were $1,855,765 over budget. This was due to a favorable collection year for the City as compared to budgeted amounts.
b) Sale of City property resulted in $316,624 of revenue which was not budgeted.
c) Intergovernmental revenues were $2,435,574 over budget, mostly due to increased School Housing aid to fund RIHEBC bond payments.

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

a) Public safety expenditures were over budget by $629,766, mostly related to overtime expenses.
b) Refuse disposal was over budget by $56,368 due to contractual cost overruns and higher tipping fees.
c) Public works was under budget by (283,027), due to turnover savings in salary.
d) The 1% budget reserve was under budget, as this is a built in fund balance reserve mechanism.
e) OPEB was under budget, which was set up as a reserve until a trust can be established.
f) Debt service expenditures for a potential fiscal year synchronization bond were under budget which was set up as a reserve until a final determination is voted upon.

Capital Assets and Debt Administration

Capital Assets — The City's investment in capital assets for its governmental and business-type activities as of October 31, 2014 amounted to $167,854,572 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and construction in progress.

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

	October 31, 2013			October 31, 2014		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Land /imrpovements	$ 7,452,974	$ 3,536,549	$ 10,989,523	$ 7,452,974	$ 3,536,549	$ 10,989,523
Buildings/improvements	60,581,520	19,196,796	79,778,316	94,550,465	25,185,884	119,736,349
Infrastructure	44,376,703	46,787,433	91,164,136	44,797,631	99,600,612	144,398,243
Vehicles	15,692,391	1,686,547	17,378,938	16,072,109	1,710,484	17,782,593
Machinery & equipment	12,650,968	5,884,070	18,535,038	12,936,158	5,884,070	18,820,228
Construction in progress	32,698,135	58,050,868	90,749,003	1,051,737	142,009	1,193,746
Less: Accumulated Depreciation	(85,354,170)	(46,933,978)	(132,288,148)	(88,628,946)	(49,031,867)	(137,660,813)
Total	$ 88,098,521	$ 88,208,285	$ 176,306,806	$ 88,232,128	$ 87,027,741	$ 175,259,869

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

Long-Term Debt – At the end of the fiscal year, the City had total debt outstanding of $101,593,265. General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

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

	October 31, 2013			October 31, 2014		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
General Obligation Bonds	$ 17,262,300	$ 1,647,700	$ 18,910,000	$ 15,545,800	$ 1,449,200	$ 16,995,000
Capital Leases Payable	26,562,082	-	26,562,082	24,725,418	-	24,725,418
Loans Payable	2,429,509	60,292,048	62,721,557	2,254,509	57,618,338	59,872,847
Totals	$ 46,253,891	$ 61,939,748	$ 108,193,639	$ 42,525,727	$ 59,067,538	$ 101,593,265

The City retired bond debt of $1,716,500 during the current fiscal year. The City has a Baa3 rating from Moody's Investors Service and an A from Standard & Poors.

State statue limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for City bonds is $114,744,929.

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

Independent Audit

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Parmelee Poirier & Associates provided this service for the purpose of issuing basic financial statements and supplementary information for the year ended October 31, 2014. In addition to meeting the requirements set forth in state statutes, the audit is also designed to meet the requirements of the federal Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' reports related specifically to the single audit are contained in a separate document.

Economic Factors and Next Year's Budgets and Rates

The FY 2014 budget was adopted based on no tax rate increase. The City's actual tax rate will stay consistent at $22.95 for fiscal year ended October 2014. The waste water rates increased to $7.78 per 100 cubic feet of water used based upon the actual quarterly or monthly meter reading of water consumption. The City of East Providence faces the same facts and conditions of most other communities in Rhode Island and across the country.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Activities
For the Year Ended October 31, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/ Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental activities:							
General government	$ 5,059,878	$ 3,592,793	$ 950,579	$ 75,000	$ (441,506)		$ (441,506)
Public safety	34,991,852	3,577,837	1,700,907	1,496,504	(28,216,604)		(28,216,604)
Public works	7,598,715	456,180	-	75,000	(7,067,535)		(7,067,535)
Sanitation	910,658	-	-	-	(910,658)		(910,658)
Parks and recreation	2,589,869	-	-	34,205	(2,555,664)		(2,555,664)
Public libraries	1,914,586	43,101	11,000	-	(1,860,485)		(1,860,485)
Education	82,026,462	2,887,682	36,306,913	434,893	(42,396,974)		(42,396,974)
Miscellaneous	4,452,208	-	-	-	(4,452,208)		(4,452,208)
Debt service	2,190,229	-	-	-	(2,190,229)		(2,190,229)
Total governmental activities	141,734,457	10,557,593	38,969,399	2,115,602	(90,091,863)		(90,091,863)
Business type activities:							
Water fund	6,412,555	6,614,537	-	-	-	$ 201,982	201,982
WPC fund	12,467,314	13,925,816	-	-	-	1,458,502	1,458,502
Total business-type activities	18,879,869	20,540,353	-	-	-	1,660,484	1,660,484
Total primary government	$ 160,614,326	$ 31,097,946	$ 38,969,399	$ 2,115,602	(90,091,863)	1,660,484	(88,431,379)
		General revenues:					
		Taxes:					
		Property taxes, levied for general purposes			101,361,255	-	101,361,255
		Unrestricted investment earnings			11,719	55	11,774
		State general revenue sharing			5,004,002	-	5,004,002
		Total general revenues and transfers			106,376,976	55	106,377,031
		Change in net assets			16,285,113	1,660,539	17,945,652
		Net position - beginning			29,796,151	33,852,483	63,648,634
		Prior period adjustment (see Note 18)			288,041	(641,205)	(353,164)
		Net position-beginning re-stated			30,084,192	33,211,278	63,295,470
		Net position - ending			$ 46,369,305	$ 34,871,817	$ 81,241,122

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

Fund Financial Statements

CITY OF EAST PROVIDENCE, RHODE ISLAND
Balance Sheet
Governmental Funds
October 31, 2014

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 37,592,664	$ -	$ 6,104,204	$ 43,696,868
Investments	25,199	-	4,402,164	4,427,363
Accounts receivable:				
Real estate and personal property taxes (net)	29,318,346	-	-	29,318,346
Due from other governments	-	290,917	953,974	1,244,891
Other receivables	-	-	1,254,093	1,254,093
Internal balances	-	12,794,434	1,994,131	14,788,565
Inventory	28,608	-	-	28,608
Other assets	20,000	-	-	20,000
Prepaid items	625,232	301,895	1,500	928,627
TOTAL ASSETS	$ 67,610,049	$ 13,387,246	$ 14,710,066	$ 95,707,361
LIABILITIES				
Cash overdraft	$ -	$ -	$ 940,341	$ 940,341
Accounts payable and accrued expenditures	3,836,872	3,026,695	1,043,499	7,907,066
Internal balances	11,150,638	-	3,009,634	14,160,272
Unearned revenue:				
Other	128,612	4,888,931	1,928,046	6,945,589
Other liabilities	-	10,000	178,433	188,433
TOTAL LIABILITIES	15,116,122	7,925,626	7,099,953	30,141,701
DEFERRED INFLOW OF RESOURCES				
Unearned tax revenue	29,318,346	-	-	29,318,346
FUND BALANCES				
Nonspendable fund balances	653,840	301,895	51,529	1,007,264
Restricted fund balances, reported in:				
Capital projects funds	-	-	4,770,706	4,770,706
Special revenue funds	-	-	3,093,504	3,093,504
Assigned fund balances	9,319,465	5,159,725	-	14,479,190
Unassigned, reported in:				
General fund	13,202,276	-	-	13,202,276
Special revenue funds	-	-	(305,626)	(305,626)
TOTAL FUND BALANCES	23,175,581	5,461,620	7,610,113	36,247,314
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	$ 67,610,049	$ 13,387,246	$ 14,710,066	

Amounts reported for governmental activities in the statement of net position are different because:	
1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 7)	88,232,128
2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 7)	29,405,619
3) Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 7)	(107,515,756)
Net position of governmental activities	$ 46,369,305

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended October 31, 2014

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues				
General property tax	$ 100,472,038	$ -	$ -	$ 100,472,038
Federal and state aid and grants	5,004,002	31,294,735	9,127,322	45,426,059
Charges for services	5,345,528	2,257,061	738,089	8,340,678
Fines and penalties	812,178	-	-	812,178
Investment and interest income	1,038,112	-	11,401	1,049,513
Interest income	318	-	309,830	310,148
Other revenue	316,624	123,352	275,511	715,487
Total revenues	112,988,800	33,675,148	10,462,153	157,126,101
Expenditures				
Current:				
General government	5,472,355	-	613,355	6,085,710
Public safety	32,109,284	-	3,682,465	35,791,749
Public works	7,065,755	-	85,229	7,150,984
Parks and recreation	682,136	-	228,522	910,658
Sanitation	2,485,398	-	-	2,485,398
Public libraries	1,807,018	-	-	1,807,018
Education	-	73,111,387	8,720,927	81,832,314
Miscellaneous	4,501,508	-	-	4,501,508
Debt service	5,662,251	-	305,279	5,967,530
Total expenditures	59,785,705	73,111,387	13,635,777	146,532,869
Excess of revenues over (under) expenditures before other financing sources (uses)	53,203,095	(39,436,239)	(3,173,624)	10,593,232
Other financing sources (uses)				
Transfers from other funds	-	42,426,217	-	42,426,217
Transfers to other funds	(42,426,217)	-	-	(42,426,217)
Total other financing sources (uses)	(42,426,217)	42,426,217	-	-
Net change in fund balances	10,776,878	2,989,978	(3,173,624)	10,593,232
Fund balances - beginning	12,398,703	2,471,642	10,783,737	25,654,082
Fund balances - ending	$ 23,175,581	$ 5,461,620	$ 7,610,113	$ 36,247,314

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended October 31, 2014

Net change in fund balances-total governmental funds	$	10,593,232
Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:		
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceed capital outlays in the current period.		133,607
Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.		889,217
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.		49,137
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.		3,732,416
Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.		887,504
Change in net position of governmental activities	$	16,285,113

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

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Net Position
Proprietary Funds
October 31, 2014

	Enterprise Funds		
	Water Fund	WPC Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 214,549	$ 237,099	$ 451,648
Investments	326,674	-	326,674
Restricted cash and cash equivalents	588,497	3,876,814	4,465,311
Accounts receivable usage sales and fees	6,481,846	-	6,481,846
Due from federal and state government	-	235,907	235,907
Internal balances	-	4,167,040	4,167,040
Inventory	95,686	-	95,686
Total current assets	7,707,252	8,516,860	16,224,112
Non-current assets			
Property, plant and equipment			
Land	1,909,975	1,418,359	3,328,334
Construction in progress	142,009	-	142,009
Land improvements	83,806	124,409	208,215
Buildings, pump stations and tanks	8,086,541	17,099,343	25,185,884
Infrastructure	24,968,036	74,632,576	99,600,612
Machinery and equipment	1,809,503	4,074,567	5,884,070
Vehicles	1,185,484	525,000	1,710,484
Total property, plant and equipment	38,185,354	97,874,254	136,059,608
Less accumulated depreciation	16,963,781	32,068,086	49,031,867
Net property, plant and equipment	21,221,573	65,806,168	87,027,741
TOTAL ASSETS	28,928,825	74,323,028	103,251,853
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	434,468	670,970	1,105,438
Deferred revenues	342,595	-	342,595
Internal balances	3,979,705	813,341	4,793,046
Revenue anticipation notes payable	-	3,000,000	3,000,000
Current portion of long-term debt	322,918	2,598,329	2,921,247
Total current liabilities	5,079,686	7,082,640	12,162,326
Non-current liabilities			
Accrued compensated absences	71,419	-	71,419
Bonds and loans payable	5,513,172	50,633,119	56,146,291
Total non-current liabilities	5,584,591	50,633,119	56,217,710
TOTAL LIABILITIES	10,664,277	57,715,759	68,380,036
NET POSITION			
Invested in capital assets, net of related debt	15,385,483	12,810,627	28,196,110
Unrestricted	2,879,065	3,796,642	6,675,707
TOTAL NET POSITION	$ 18,264,548	$ 16,607,269	$ 34,871,817

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended October 31, 2014

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
Operating revenues			
Usage sales and fees	$ 6,598,404	$ 13,874,788	$ 20,473,192
Other income	16,133	51,028	67,161
Total operating revenues	6,614,537	13,925,816	20,540,353
Operating expenses			
Salaries and benefits	1,586,592	-	1,586,592
Repairs and maintenance	182,161	-	182,161
Water purchases	2,960,778	-	2,960,778
Operations	819,778	9,029,175	9,848,953
Depreciation and amortization	581,790	1,554,593	2,136,383
Other	16,852	-	16,852
Total operating expenses	6,147,951	10,583,768	16,731,719
Operating income (loss)	466,586	3,342,048	3,808,634
Non-operating revenues (expenses)			
Investment income	55	-	55
Interest expense	(264,604)	(1,883,546)	(2,148,150)
Transfers in/(out)	-	-	-
Total non-operating revenues (expenses)	(264,549)	(1,883,546)	(2,148,095)
Change in net position	202,037	1,458,502	1,660,539
Net position - beginning	18,164,083	15,688,400	33,852,483
Prior period adjustment (see Note 18)	(101,572)	(539,633)	(641,205)
Net position-beginning re-stated	18,062,511	15,148,767	33,211,278
Total net position - ending	$ 18,264,548	$ 16,607,269	$ 34,871,817

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2014

	Enterprise Funds		
	Water Fund	WPC Fund	Totals
Cash flows from operating activities			
Cash received from customers	$ 6,071,664	$ 13,874,788	$ 19,946,452
Other operating revenue receipts	16,133	51,028	67,161
Cash payments to suppliers for goods and services	(4,675,735)	(9,387,351)	(14,063,086)
Cash payments to employees for services	(1,608,995)	-	(1,608,995)
Net cash provided by (used for) operating activities	(196,933)	4,538,465	4,341,532
Cash flows from non-capital financing activities			
Interfund loans	(1,380,056)	(1,502,380)	(2,882,436)
Proceeds from revenue anticipation note	-	3,000,000	3,000,000
Principal paid on revenue anticipation note	-	(3,000,000)	(3,000,000)
Net cash provided by (used for) non-capital financing activities	(1,380,056)	(1,502,380)	(2,882,436)
Cash flows from capital and related financing activities			
Capital grants and contributions	-	-	-
Principal paid on bonds, notes and loans	(319,919)	(2,552,291)	(2,872,210)
Interest paid on bonds, notes and loans	(264,604)	(1,883,546)	(2,148,150)
Acquisition and construction of capital assets	(138,126)	-	(138,126)
Net cash provided (used for) capital and related financing activities	(722,649)	(4,435,837)	(5,158,486)
Cash flows from investing activities			
Interest and dividends on investments	55	-	55
Net cash provided by (used for) investing activities	55	-	55
Net increase (decrease) in cash and cash equivalents	(2,299,583)	(1,399,752)	(3,699,335)
Cash and cash equivalents at beginning of year	3,429,303	5,513,665	8,942,968
Cash and cash equivalents at end of year	$ 1,129,720	$ 4,113,913	$ 5,243,633
Additional non-cash flow balance sheet activity:			
Noncash capital and related financing activities			
Increase (decrease) in due from state government	$ (45,479)	$ (733,740)	$ (779,219)

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended October 31, 2014

	Enterprise Funds		
	Water Fund	**WPC Fund**	**Totals**
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ 466,586	$ 3,342,048	$ 3,808,634
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	581,790	1,554,593	2,136,383
Changes in assets and liabilities:			
(Increase) decrease in use accounts receivable	(405,041)	-	(405,041)
(Increase) decrease in inventory	-	-	-
Increase (decrease) in accounts payable and accrued expenses	(696,166)	(358,176)	(1,054,342)
Increase (decrease) in accrued compensated absences	(22,403)	-	(22,403)
Increase (decrease) in deferred revenue	(121,699)	-	(121,699)
Total adjustments	(663,519)	1,196,417	532,898
Net cash provided by operating activities	$ (196,933)	$ 4,538,465	$ 4,341,532

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
October 31, 2014

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash	$ 13,749	$ 397,049
Investments, at fair value:		
Mutual funds - equity	88,376,014	-
Mutual funds - fixed income	7,986,576	-
IR&M core bond fund	16,640,149	-
Alternative investments	3,097,009	138,625
Total investments	116,099,748	138,625
Other assets		
City contribution receivable	538,349	-
Member contribution receivable	-	-
Internal balances	-	34,193
Total other assets	538,349	34,193
TOTAL ASSETS	116,651,846	569,867
LIABILITIES		
Deposits payable to others	-	533,387
Internal balances	-	36,480
TOTAL LIABILITIES	-	$ 569,867
NET POSITION		
Held in trust for pension benefits and other purposes	$ 116,651,846	

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

CITY OF EAST PROVIDENCE, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended October 31, 2014

	Employee Retirement Plan
Additions	
Contributions	
Employer contributions	$ 6,314,476
Plan members contributions	1,035,470
Total contributions	7,349,946
Investment earnings	
Net (decrease) in fair value of investments	7,756,433
Interest and dividends	1,206,269
Total investment earnings	8,962,702
Total additions	16,312,648
Deductions	
Benefits paid	9,732,578
Operating expenses	401,467
Total deductions	10,134,045
Change in net position	6,178,603
Net position - beginning	110,473,243
Net position - ending	$ 116,651,846

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

Notes to Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made applying the criteria set forth in GASB Statement No.14, as amended by GASB Statement No. 39. Under GASB Statement No.39, the financial reporting entity includes both the primary government, which is the City, and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

TEST 1 – The primary government appoints the voting majority of the board of the potential component unit and:

* is able to impose its will on the potential component unit and/or
* is in a relationship of financial benefit or burden with the potential component unit;

TEST 2 – The potential component unit is fiscally dependent upon the primary government; or

TEST 3 – The financial statements would be misleading if data from the potential component unit were not included.

The following entity was considered for classification as a component unit for fiscal year 2014:

* 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.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

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

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the City are organized based on funds, each of which are considered separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets, infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year they are levied for. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

The City's policy is to first apply restricted resources and then unrestricted resources when expenses are incurred for purposes for which both restricted and unrestricted net position are available.

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

The City applies to the Business-Type Activities and Enterprise Funds all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Government-Wide Financial Statements (Continued)

following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Governmental Funds:

General Fund - The General Fund is used to account for resources devoted to financing the general services that the City performs for its citizens.

School Unrestricted Fund - The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION AND ACCOUNTING (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Major Enterprise Funds:

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

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

Fiduciary Fund Financial Statements - Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's Fiduciary Funds include a pension trust fund and agency funds. Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The fiduciary funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

Pension Trust Fund - This fund accounts for pension benefits provided to city police officers and firefighters. The principal revenue sources for this fund are employer and employee contributions.

Agency Funds - These funds account for assets held by the City as an agent for various student groups and funds held in escrow for other parties.

C. CASH EQUIVALENTS

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

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. INVESTMENTS

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

E. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

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

Property taxes levied on May 12, 2014 and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICE RECEIVABLE

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

G. 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.

H. CAPITAL ASSETS AND DEPRECIATION

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

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

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

Description	***Useful Life***
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

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. BOND PREMIUMS AND DEBT ISSUANCE COSTS

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

J. DEFERRED REVENUE

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

In the General Fund, deferred revenues relates to uncollected property tax receivables which were assessed as of December 31, 2013, billed on May 12, 2014, and payable on July 1, 2014 (with provisions for quarterly payments), plus delinquent balances.

K. PROPERTY TAXES

The City is permitted by state law to levy property taxes. The City's fiscal 2013-2014 property taxes were levied on May 12, 2014 based on an assessed valuation as of December 31, 2013. Taxes were due July 1, 2014 or may be paid quarterly, without penalty, at the taxpayer's option. Failure to mail payments by due dates will result in lien on taxpayer's property.

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

Property tax revenue is recognized in accordance with Section P70 "***Property Taxes***" of the Codification of Governmental Accounting and Reporting Standards which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no later than 60 days after the close of the current period. Property taxes levied on May 12, 2014 for the current year and other delinquent balances are recorded as receivables.

L. COMPENSATED ABSENCES

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

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.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

N. ESTIMATES

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

(continued)

NOTE 2 - INFORMATION ABOUT CAPITAL ASSETS (continued)

Capital asset activity for Governmental Activities for the fiscal year ended October 31, 2014 was as follows:

	Primary Government			
	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,076,963	$ -	$ -	$ 4,076,963
Construction in Progress	32,698,135	427,159	32,073,557	1,051,737
Total capital assets not being depreciated	36,775,098	427,159	32,073,557	5,128,700
Other capital assets:				
Land improvements	3,376,011	-	-	3,376,011
Buildings & construction	60,581,520	33,968,945	-	94,550,465
Infrastructure	44,376,703	420,928	-	44,797,631
Machinery & equipment	12,650,968	285,190	-	12,936,158
Vehicles	15,692,391	379,718	-	16,072,109
Total other capital assets at historical cost	136,677,593	35,054,781	-	171,732,374
Total assets	173,452,691	35,481,940	32,073,557	176,861,074
Less accumulated depreciation for:				
Land improvements	2,959,908	57,397	-	3,017,305
Buildings & construction	29,289,758	1,299,837	-	30,589,595
Infrastructure	32,475,040	569,165	-	33,044,205
Machinery & equipment	7,609,483	751,691	-	8,361,174
Vehicles	13,019,981	596,686	-	13,616,667
Total accumulated depreciation	85,354,170	3,274,776	-	88,628,946
Governmental activities capital assets, net	$ 88,098,521	$ 32,207,164	$ 32,073,557	$ 88,232,128

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	$ 149,216
Public safety	1,033,165
Public works	700,092
Public libraries	107,568
Parks and recreation	243,465
Education	1,041,270
Total governmental activities depreciation expense	$ 3,274,776

(continued)

Capital asset activity for Business-Type Activities for the fiscal year ended October 31, 2014 was as follows:

	Primary Government				
	Beginning Balance	**Increases**	**Decreases**	**Adjustments**	**Ending Balance**
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 3,328,334	$ -	$ -	$ -	$ 3,328,334
Construction in progress	58,050,868	142,009	58,050,868	-	142,009
Total capital assets not being depreciated	61,379,202	142,009	58,050,868	-	3,470,343
Other capital assets:					
Land improvements	208,215	-	-	-	208,215
Infrastructure	46,787,433	52,813,179	-	-	99,600,612
Buildings, pump stations & tanks	19,196,796	5,989,088	-	-	25,185,884
Machinery & equipment	5,884,070	-	-	-	5,884,070
Vehicles	1,686,547	23,937	-	-	1,710,484
Total other capital assets at historical cost	73,763,061	58,826,204	-	-	132,589,265
Total assets	135,142,263	58,968,213	58,050,868	-	136,059,608
Less accumulated depreciation for:					
Land improvements	184,208	4,190	-	174	188,572
Infrastructure	26,285,580	1,361,934	-	465,024	28,112,538
Buildings, pump stations & tanks	16,334,785	535,572	-	(1,399,654)	15,470,703
Machinery & equipment	3,529,935	153,259	-	685	3,683,879
Vehicles	599,470	44,135	-	932,570	1,576,175
Total accumulated depreciation	46,933,978	2,099,090	-	(1,201)	49,031,867
Business-type activities capital assets, net	$ 88,208,285	$ 56,869,123	$ 58,050,868	$ 1,201	$ 87,027,741

(continued)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

LEGAL DEBT MARGIN - The City's legal debt margin as set forth by state statute is limited to three percent of total taxable assessed value, which approximates $114,744,929. As of October 31, 2014, the City's debt subject to legal debt margin is $0 and the City is under the debt limit by $114,744,929.

NOTE 4 - CASH AND INVESTMENTS

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

CUSTODIAL CREDIT RISK - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits collateral securities that are in the possession of an outside party. The City does not have a formal deposit policy for custodial credit risk, but is governed by state saws as described below. As of October 31, 2014, the City's bank balance of $48,084,284 was exposed to custodial credit risk as follows:

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity. At October 31, 2014 the City's uninsured or uncollateralized deposits with an institution was $0.

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

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

(continued)

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

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

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

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

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

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

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

		Investment Maturities (in Years)	
Type of Investment	Fair Value	6-10 Years	Over 10 Years
IR&M core bond fund	$ 16,640,149	$ 16,640,149	$ -
Total	$ 16,640,149	$ 16,640,149	$ -

(continued)

NOTE 4 - CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (Continued)

Cash and investments of the City consist of the following at October 31, 2014:

Cash and Cash Equivalents		
Deposits with financial institutions	$	48,084,284
Investments		
Pension Trust Fund:		
Mutual funds - equity		88,376,014
Mutual funds - fixed income		7,986,576
IR&M core bond fund		16,640,149
Alternative investments		3,097,009
Total Pension Investments		116,099,748
Agency Funds:		
Federated Government Obligations		138,625
Total Agency Investments		138,625
Governmental Funds:		
Federated Government Obligations		3,806,202
Fidelity Treasury Money Market Fund		947,835
Total Governmental Investments		4,754,037
Total Cash and Investments	$	169,076,694

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

Statement of Net Position		
Cash and cash equivalents	$	47,673,486
Investments		4,754,037
Fiduciary Funds		
Cash and cash equivalents		410,798
Investments		116,238,373
Total Cash and Investments	$	169,076,694

Credit Risk

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

(continued)

NOTE 4 - CASH AND INVESTMENTS (Continued)

Credit Risk (Continued)

The City's investments in debt securities, whose ratings are required to be disclosed in accordance with GASB No. 40, were rated as follows at October 31, 2014:

Average Rating	Bond Fund
AAA	$ 11,930,987
AA	798,727
A	1,913,617
BBB	1,996,818
	$ 16,640,149

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

Interest Rate Risk

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

Custodial Credit Risk

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

Except for investments in mutual funds, money market funds, the MBIA RI investment pool, hedge fund of funds and the private equity limited partnership, all of the City's investments were subject to custodial credit risk at October 31, 2014, as the investments are uninsured and held by the counterparty or the counterparty's trust department, but not in the City's name. Investments in mutual funds, money market funds, the MBIA RI investment pool, hedge fund of funds and the private equity limited partnership are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

(continued)

NOTE 4 - CASH AND INVESTMENTS (Continued)

Concentrations of Credit Risk

The City places no limit on the amount of investment with any one issuer.

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

Foreign Currency Risk

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

As of October 31, 2014, the IR&M core bond fund had 98% of its assets in international investments.

(continued)

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

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

Long-term liability activity for the fiscal year ended October 31, 2014 was as follows:

	Balance November 1, 2013	Additions	Retirements	Balance October 31, 2014	Amounts Due Within One Year
Governmental Activities					
Bonds payable	$ 17,262,300	$ -	$ 1,716,500	$ 15,545,800	$ 1,716,500
Loans payable	2,429,509	-	175,000	2,254,509	175,000
Capital leases payable	26,562,082	-	1,836,664	24,725,418	1,543,418
Total bonds notes & leases payable	46,253,891	-	3,728,164	42,525,727	3,434,918
Other liabilities:					
Amortized premium on bonds	72,286	-	4,252	68,034	4,252
Accrued compensated absences	3,625,024	686,086	-	4,311,110	-
Net pension obligation	52,499,966	-	1,524,290	50,975,676	-
Net OPEB obligation	9,536,590	-	-	9,536,590	-
Settlements payable	147,919	-	49,300	98,619	49,300
Total other liabilities	65,881,785	686,086	1,577,842	64,990,029	53,552
Governmental Activities long-term liabilities	$ 112,135,676	$ 686,086	$ 5,306,006	$ 107,515,756	$ 3,488,470
Business-Type Activities					
WPC Department bonds payable	$ 1,647,700	$ -	$ 198,500	$ 1,449,200	$ 198,500
Water Department loans payable	6,156,009	-	319,919	5,836,090	322,918
WPC Department loans payable	54,136,039	-	2,353,791	51,782,248	2,399,829
Total bonds & loans payable	61,939,748	-	2,872,210	59,067,538	2,921,247
Other liabilities:					
Accrued compensated absences	94,155	-	22,736	71,419	-
Total other liabilities	94,155	-	22,736	71,419	-
Business-Type Activities long-term liabilities	$ 62,033,903	$ -	$ 2,894,946	$ 59,138,957	$ 2,921,247

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

	Interest Rates	Principal	Due Dates
Governmental bonds	2.25-6.5%	$ 15,545,800	2015-2024
Governmental loans payable	0-5.69%	2,254,509	2015-2041
Governmental leases payable	3.1-17.74%	24,725,418	2015-2032
Enterprise funds bonds payable	3.75-5.0%	1,449,200	2015-2024
Enterprise funds notes payable	0% - 1.645%	57,618,338	2015-2032
Total All Funds		$101,593,265	

(continued)

NOTE 5 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

Fiscal Year Ended October 31	Principal	Interest	Total
2015	$ 3,434,918	$ 1,825,162	$ 5,260,080
2016	3,419,500	1,572,834	4,992,334
2017	3,464,500	1,520,899	4,985,399
2018	3,442,500	1,364,131	4,806,631
2019	3,502,500	1,206,333	4,708,833
2020	3,217,300	1,048,778	4,266,078
2021	3,218,000	904,467	4,122,467
2022-2032	18,672,000	7,865,665	26,537,665
2041	110,500	-	110,500
RIHMFC due upon sale of property	44,009	-	44,009
TOTALS	$ 42,525,727	$ 17,308,268	$ 59,833,995

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

Fiscal Year Ended October 31	Principal	Interest	Total
2015	$ 2,921,247	$ 1,936,443	$ 4,857,690
2016	2,812,134	1,859,473	4,671,607
2017	2,873,870	1,781,873	4,655,743
2018	2,939,455	1,698,498	4,637,953
2019	3,011,889	1,609,466	4,621,355
2020	3,023,221	1,514,895	4,538,115
2021	3,053,653	1,418,231	4,471,883
Thereafter	38,432,071	7,989,902	46,421,973
TOTALS	$ 59,067,538	$ 19,808,780	$ 78,876,318

(continued)

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

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

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

Date Issued	*Original Loan Amount*	*ARRA Principal Forgiveness*	*Net Loan Amount*
10/6/2009	$ 10,000,000	$ (1,509,475)	$ 8,490,525
11/19/2009	6,000,000	(1,391,731)	4,608,269
2/12/2010	561,206	(130,175)	431,031

The net loans payable have been recorded by the City as of October 31, 2014.

All RI Clean Water Loans are used for approved water or water pollution control projects. The RI Clean Water Finance Agency pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. Loan proceeds not drawdown as of October 31, 2014 are reflected as due from the State in the preceding financial statements. The City is responsible to drawdown the full loan amount and to repay the loan amount less any applicable principal forgiveness. The RI Clean Water Loans in the Business-Type Activities are revenue loans. The revenue loans are secured by the revenues derived from the operation of the City's water and water pollution control systems.

(continued)

NOTE 6 - SHORT-TERM DEBT

The City issued the following short-term notes during fiscal year 2014:

	Outstanding 11/1/2013	New Issues	Maturities During Year	Outstanding 10/31/2014
Governmental Activities				
Tax anticipation note	$ -	$ 12,500,000	$ 12,500,000	$ -
Tax anticipation note	-	12,500,000	12,500,000	-
Total Short Term Debt	**$ -**	**$ 25,000,000**	**$ 25,000,000**	**$ -**
Business-Type Activities				
Revenue anticipation note	$ 3,000,000	$ -	$ 3,000,000	$ -
Revenue anticipation note	-	3,000,000	-	3,000,000
Total Short Term Debt	**$ 3,000,000**	**$ 3,000,000**	**$ 3,000,000**	**$ 3,000,000**

(continued)

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

"Total fund balances" of $36,277,841 in the City's governmental funds differs from "net assets" of $46,399,832 in governmental activities reported in the Statement of Net Assets. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement Net Assets Totals
ASSETS				
Cash and cash equivalents	$ 43,696,868	$ -	$ -	$ 43,696,868
Investments	4,427,363	-	-	4,427,363
Accounts receivable:				
Real estate and personal property taxes (net)	29,318,346	-	-	29,318,346
Due from other governments	1,244,891	-	-	1,244,891
Other receivables	1,254,093	-	-	1,254,093
Internal balances	14,788,565	-	(14,788,565)	-
Inventory	28,608	-	-	28,608
Prepaid expenditures	928,627	-	-	928,627
Other assets	20,000	-	-	20,000
Net OPEB asset	-	702,388	-	702,388
Property, plant and equipment - net	-	83,103,428	-	83,103,428
Assets not being depreciated-CIP	-	1,051,737	-	1,051,737
Assets not being depreciated-land	-	4,076,963	-	4,076,963
TOTAL ASSETS	$ 95,707,361	$ 88,934,516	$ (14,788,565)	$ 169,853,312
LIABILITIES				
Cash overdraft	$ 940,341	$ -	$ -	$ 940,341
Accounts payable and accrued expenditures	7,907,066	615,115	(2,287)	8,519,894
Internal balances	14,160,272	-	(14,786,278)	(626,006)
Other	6,945,589	-	-	6,945,589
Other liabilities	188,433	-	-	188,433
Long-term liabilities				
Due within one year	-	3,488,470	-	3,488,470
Due in more than one year	-	104,027,286	-	104,027,286
TOTAL LIABILITIES	30,141,701	108,130,871	(14,788,565)	123,484,007
DEFERRED INFLOW OF RESOURCES				
Real estate and personal property taxes (net)	29,318,346	(29,318,346)	-	-
FUND BALANCES				
Total fund balances/net assets	36,247,314	10,121,991	-	46,369,305
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	$ 95,707,361	$ 88,934,516	$ (14,788,565)	$ 169,853,312

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

Cost of capital assets	$ 176,861,074
Accumulated depreciation	(88,628,946)
	$ 88,232,128

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

Adjustment of deferred revenue	$ 29,318,346
Net OPEB asset	702,388
Accrued interest	(615,115)
	$ 29,405,619

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

Bonds payable	$ (15,545,800)
Loans payable	(2,254,509)
Capital leases payable	(24,725,418)
Bond premium	(68,034)
Accrued compensated absences	(4,311,110)
Net OPEB obligation	(9,536,590)
Net pension obligation	(50,975,676)
Settlements payable	(98,619)
	$ (107,515,756)

(continued)

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

The "net change in the fund balances" of $10,623,759 for governmental funds differs from the "change in net position" of $16,315,640 for governmental activities reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 44.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital-related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	$ 100,472,038	$ 889,217	$ -	$ -	$ 101,361,255
Federal and state aid and grants	45,426,059	-	-	-	45,426,059
Charges for services	8,340,678	-	-	-	8,340,678
Fines and penalties	812,178	-	-	-	812,178
Investment and interest income	1,049,513	-	-	-	1,049,513
Contributions and private grants	310,148	-	-	-	310,148
Other revenue	715,487	-	-	4,252	719,739
Total revenues	157,126,101	889,217	-	4,252	158,019,570
Expenditures					
Current:					
General government	6,085,710	-	(187,628)	(838,204)	5,059,878
Public safety	35,791,749	-	(799,897)	-	34,991,852
Public works	7,150,984	-	447,731	-	7,598,715
Sanitation	910,658	-	-	-	910,658
Parks and recreation	2,485,398	-	104,471	-	2,589,869
Public libraries	1,807,018	-	107,568	-	1,914,586
Education	81,832,314	-	194,148	-	82,026,462
Miscellaneous	4,501,508	-	-	(49,300)	4,452,208
Long-term obligations:					
Debt service	5,967,530	(49,137)	-	(3,728,164)	2,190,229
Total expenditures	146,532,869	(49,137)	(133,607)	(4,615,668)	141,734,457
Other financing sources (uses)					
Transfers from other funds	42,426,217	-	-	-	42,426,217
Transfers to other funds	(42,426,217)	-	-	-	(42,426,217)
Total other financing sources (uses)	-	-	-	-	-
Net change for the year	$ 10,593,232	$ 938,354	$ 133,607	$ 4,619,920	$ 16,285,113

(continued)

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

Deferred revenue property tax	$ (889,217)
	$ (889,217)

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

Accrued interest	$ (49,137)
Total expenditure adjustment	$ (49,137)

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

Capital outlay	$ 3,408,383
Depreciation expense	(3,274,776)
Difference	$ 133,607

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

Principal payments made on bonds	$ (1,716,500)
Principal payments made on loans	(175,000)
Principal payments made on leases	(1,836,664)
Amortization of bond premium	(4,252)
	$ (3,732,416)

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

Net decrease in compensated absences	$ 686,086
Net decrease in the net pension obligation	(1,524,290)
Net decrease in settlements payable	(49,300)
Change	$ (887,504)

(continued)

NOTE 9 - INTERFUND BALANCES

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

	Due from other funds		Due to other funds	
General Fund		$ -		$11,150,638
Special Revenue Funds:				
School Unrestricted	$12,794,434		$ -	
School Restricted	1,368,838		1,620,352	
Summer School Remedial	-		45,002	
Vitual Learning Programs	3,433		-	
City Permanent	-		43,674	
City Restricted	621,860	14,788,565	1,215,288	2,924,316
Capital Projects:		-		85,318
Trust and Agency Funds:				
Agency Funds		34,193		36,480
Proprietary Funds				
Water	-		3,979,705	
Sewer	4,167,040	4,167,040	813,341	4,793,046
		$18,989,798		$18,989,798

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

NOTE 10 - INTERFUND TRANSFERS

INTERFUND TRANSFERS

Fund / Department	Transfers from other funds	Transfers to other funds
General Fund	$ -	$42,426,217
Special Revenue (School Department)	42,426,217	-
Totals	$ 42,426,217	$42,426,217

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

(continued)

NOTE 11 - NET POSITION/FUND BALANCES

(a) ***NET POSITION***

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

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

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

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

(b) ***FUND BALANCES***

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

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

At October 31, 2014, Nonspendable Fund Balance consisted of the following:

Major Governmental Funds	
General Fund:	
Inventory	$ 28,608
Prepaid expenditures	625,232
	653,840
School Special Revenue Unrestricted Fund:	
Prepaid expenditures	$ 301,895
Total major governmental funds	$ 955,735
Non-major Governmental Funds	
Permanent Funds:	
Cemetery perpetual care	$ 51,529
Total non-major governmental funds	$ 51,529

(continued)

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

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

At October 31, 2014, Restricted Fund Balance consisted of the following:

Non-major Governmental Funds	
Special Revenue Funds:	
Energy study and improvement	$ 10,767
Fire station construction	24,448
Fire port security	3,410
Fire UASI	1,040
SBA green business initiative	563
Substance abuse programs	35,931
Waterfront stormwater study	248,676
Byrne/JAG	42,202
FDA/DEA/Marshalls	3,912
Hunt's Mill/Tranquility Place	127,901
Project D.A.R.E	9,763
Forfeited drug seizure - state	10,601
Forfeited drug seizure - federal	993,552
Bold Point Park	28,229
Emergency management program	91,817
Historical record preservation	362,546
Senior center	8,606
Champlin fund weaver	98,118
Library operations	128,075
Cemetery operations	713
Early retiree reinsurance program	201,438
Beautification committee	2,500
DEM silver springs playground	75,000
Community development activities	222,540
Adult vocational education	7,398
Virtual learning programs	13,241
Education	286,106
	$ 3,039,093
Capital Projects Funds:	
Capital improvements	$ 4,770,706
Total non-major governmental funds	$ 7,809,799

(continued)

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

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

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

At October 31, 2014, Assigned Fund Balance consisted of the following:

Major Governmental Funds	
General Fund:	
Carryover unexpended amounts	$ 287,759
SYNC bond	3,726,519
Other post-employment benefits	5,305,187
	$ 9,319,465
Total major governmental funds	$ 9,319,465

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

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

(continued)

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

(c) Fund Deficits

The following funds had fund deficits at October 31, 2014:

Non-major Governmental Funds	
School lunch program	$ 40,251
Summer school remedial	15,897
Special Revenue Funds:	
Energy efficiency study	5,228
Byrne/JAG 2009	13,682
Assistance to firefighters	40,777
Fire decon grant	585
Sabin point floating dock	4,644
RIHPHC	800
Polling place renovations	10,670
Vocational education reserves	9,855
CTE categorical program year 1	45,757
PSF Hennessey	450
Wireless classroom initiative	117,030
	$ 305,626
Total non-major governmental funds	$ 305,626

(d) Operating Deficits

The following individual fund balances had operating deficits for the year ending October 31, 2014, but still maintained positive fund balances:

Non-major Governmental Funds	
Special Revenue Funds:	
Station construction 2009	$ 1,299,284
Substance abuse programs	17,563
FDA/DEA/Marshalls	39,547
Hunt's Mill/Tranquility Place	15,186
Project D.A.R.E	758
Forfeited Drug State	5,480
Emergency management program	81
Crescent Park Carousel	92,181
Career and Technical Center independent contractor	286,720
	$ 1,756,800
Capital Project Funds:	
2002 bond miscellaneous projects	$ 2,367
2007 public works BAN	67,396
School RIHEBC leases	2,239,146
	$ 2,308,909

(continued)

NOTE 11 - NET POSITION/FUND BALANCES (Continued)

(c) Fund Deficits (Continued)

Permanent Fund:	
Little Neck Cemetery	$ 15,188
Total non-major governmental funds	$ 4,080,897

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of East Providence administers a single-employer, defined benefit post-employment benefit plan. This plan does not include the pension benefits discussed in Note 17. The plan provides medical, dental, and life insurance for eligible retirees and their dependents through the City's group health and life insurance plans, which cover both active and retired members. Benefit provisions are established and may be amended by the union contracts through negotiations between the City and the respective unions. The plan does not issue a publicly available financial report. However the City does prepare a complete valuation report on a bi-annual basis. The most recent valuation was completed in 2013. The City implemented GASB Statement No. 68 in fiscal year 2014 on a prospective basis.

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

- Police and Fire - retirees with at least 10 years of service are eligible at age 60; retirees with at least 20 years of service are eligible at any age. Firefighters hired as of January 1, 2014 with 25 years of service are eligible at age 55.
- Teachers and Principals with 10 or more years of service as of June 30, 2005 (Schedule A) - retirees with at least 10 years of creditable service are eligible at age 60; retirees with at least 28 years of creditable service are eligible at any age.
- Teachers and Principals with less than 10 years of service as of June 30, 2005 (Schedule B) - retirees with at least 10 years creditable service are eligible at age 65; retirees with at least 29 years of creditable service are eligible at age 62; retirees with at least 20 years of creditable service are eligible at age 55 (early retirement with reduced benefit).
- General Employees - City and School retirees with at least 10 years of service are eligible at age 58; City retirees with at least 20 years of service are eligible at age 50 (reduced pension); City and School retirees with at least 30 years of service are eligible at any age.
- Disability - employees on service-related disability are eligible at any age; employees on non-service related disability are eligible with 10 years of service for police and fire, 5 years of service for teachers and from date of hire for general employees.

(continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 employee, 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. Retirees do not contribute to medical and prescription drug benefits or group life insurance, except for those enrolled in COBRA coverage or Medicare Plan 65 pay the full cost of coverage. Retirees may elect dental coverage at their own cost.

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

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

- Effective November 1, 2012, surviving spouse coverage shall continue up to a maximum of one year from the date of the retiree's death under the same contribution terms as active employees.

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

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

(continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Employee Group	Retiree Contribution	Spouse Contribution
Teachers who retired prior to 1999	Free coverage until Medicare eligibility	Difference between single and family working rates
Teachers who retired on/after 1999 but prior to 4/2009	Free coverage until Medicare eligibility	1.3 x single working rate
Teachers who retired after 4/2009	20% of premium for 2 years	Difference between single and family working rates
Secretaries and Custodians	Free coverage until Medicare eligibility	Free coverage until retiree is eligible for Medicare
Teacher's Assistants	Free coverage until Medicare eligibility	Free coverage for 1 year then pay the pay the difference between single and family rates
Administrators and Principals	20% of premium for specified number of years of coverage	20% of premium for specified number of years of coverage

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of the applicable medical, prescription drug, dental and life insurance benefits less any applicable plan member contributions. For the year ended October 31, 2013, the plan operated on a pay-as-you-go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended October 31, 201, the City contributed $3,424,015 to the plan and the School Department contributed $2,085,638.

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 cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of

(continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation:

	OPEB	
	City	School
Annual required contribution	$ 4,330,882	$ 2,595,520
Interset on OPEB obligation	384,895	(58,403)
Adjustment to annual required contribution	(308,400)	143,971
Annual OPEB cost	4,407,377	2,681,088
Contributions made	3,424,015	2,085,638
Net OPEB obligation end of year	$ 9,536,590	$ (702,388)

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:

	OPEB			
	Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
City	10/31/2013	$4,407,377	84.6%	$ 9,536,590
City	10/31/2012	5,607,357	66.5%	8,553,228
City	10/31/2011	5,590,701	66.7%	6,674,099
School	10/31/2013	$2,681,088	117.8%	$ (702,388)
School	10/31/2012	3,940,440	80.1%	(1,297,838)
School	10/31/2011	4,010,027	72.2%	(2,080,965)

(continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress
An actuarial valuation is provided once every two years. The funded status of the City's plan as of October 31, 2013, the most recent actuarial valuation, is as follows:

OPEB	City	School
Actuarial Accrued Liability (AAL)	66,851,556	18,660,160
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (AAL)	66,851,556	18,660,160
Funded Ratio	0%	0%
Annual Covered Payroll (Active Plan Members)	20,204,098	35,323,248
UAAL as a Percentage of Covered Payroll	330.9%	52.8%

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

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

The City's annual required contribution for fiscal 2013 was determined as part of the October 31, 2012 actuarial valuation using the projected unit credit actuarial cost method (linear proration to full eligibility). The actuarial assumptions included: a) discount rate - 4.5%; b) payroll growth rate - 4.25% (used for amortization purposes only); c) health care trend rates - medical - fiscal year 2012 - 0%; fiscal year 2013 - 8.5% decreasing .5% each year to an ultimate rate of 5%. The unfunded actuarial accrued liability as of October 31, 2012 is being amortized as a level percentage of pay over 30-years based on an open group.

(continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

The School's annual required contribution for fiscal year 2013 was determined as part of the October 31, 2012 actuarial valuation using the entry age normal level dollar actuarial cost method. The actuarial assumptions included: a) discount rate - 4.5%; b) health care trend rates - medical - fiscal year 2012 - 9% decreasing .5% per year to an ultimate rate of 5% and dental - 5%. The unfunded actuarial accrued liability as of October 31, 2012 is being amortized using the aggregate cost level dollar amortization method.

The following changes were made since the prior valuation for the City: a) discount rate reduced to 4.5% from 5%; b) payroll growth rate reduced to 4.25% from 4.5%; c) health care trend rate changed to 0% in year 1 and 8.5% in year 2 decreasing .5% per year to an ultimate rate of 5% from 9% in year 1 decreasing .75% per year to an ultimate rate of 5%; d) per capita costs for post-65 coverage reduced for Medicare and prior valuation assumed no reduction. The following changes were made since the prior valuation for the School: a) actuarial cost method changed to entry age normal level dollar from projected unit credit; b) discount rate reduced to 4.5% from 8%; c) amortization method changed to aggregate cost level dollar from level percentage of pay over 30-year open period; d) health care trend rate changed to 9% decreasing .5% per year to an ultimate rate of 5% from 9% decreasing .75% per year to an ultimate rate of 5%. Both valuations reflect changes in mortality, retirement and termination assumptions to be consistent with the Employees' Retirement System and Municipal Employees' Retirement System Valuations.

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

NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

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

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The City and School Department participate in a number of federally assisted programs. The audits of these programs through the year ended October 31, 2014 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

(continued)

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 – COMMITMENTS

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

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 7, 2015, the date the financial statements were available to be issued. On 12/18/14, the City issued $18,725,000 in safe drinking water bonds to support the activities of the water treatment facility. Interest on the bonds is payable semi-annually commencing on 03/01/15. The bonds bear interest rates ranging from 1.9% to 3.62%. Principal repayment of the bonds is made semi-annually commencing on 03/01/15 with the final payment due on 09/01/36.

NOTE 17 - PENSION PLANS

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

(continued)

NOTE 17 – PENSION PLANS (Continued)

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

Defined Benefit Plan

Plan Description
All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the East Providence School Department must participate in ERS, a cost-sharing multiple employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Funding Policy
The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The School Department and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2014, the total employer rate 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2014. The School Department contributed $3,997,487, $3,004,765 and $4,323,397 during the fiscal years 2014, 2013 and 2012, respectively, equal to 100% of the actuarially required contributions for those respective years.

Defined Contribution Plan

Plan Description
Employees participating in the defined benefit plan(s), as described above, also participate in a defined contribution plan of the Employees' Retirement System as 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 and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly. Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his or her compensation and the City

(continued)

NOTE 17 - PENSION PLANS (Continued)

A. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (ERS) (Continued)

Plan Description (Continued)

is required to contribute 3%. The plan members and the City contributed $310,637.50 and $62,125.68, respectively, during the fiscal year ended October 31, 2014.

For financial reporting purposes, the State's share of contributions are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements. The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

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

Defined Benefit Plan

Plan Description
All full-time City of East Providence employees except police officers, firefighters and certified school personnel participate in MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 (and Chapter 45-21.2 if police and fire) of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Retirement eligibility and plan benefits
Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

Cost of Living Adjustments
Pursuant to the Rhode Island Retirement Security Act, the Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first $25,000 of benefits indexed annually.

(continued)

NOTE 17 - PENSION PLANS (Continued)

B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (MERS) (Continued)

Disability Retirement Provisions
The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

Plan Funding Policy
The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly). Active non police and fire members must contribute 1% if no COLA or 2% with COLA of his/her compensation. The City is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rate for fiscal year 2014 was 20.45% .

Annual Pension Cost
The City's annual pension cost of $3,306,710 for MERS was equal to the City's required and actual contributions.

The required contribution for fiscal 2014 was determined as part of the actuarial valuation performed as of June 30, 2011. The most recent valuation of the plans within the system was performed as of June 30, 2014. The actuarial methods and assumptions used in those valuations are summarized in the following table.

Three Year Trend Information for MERS		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
Ending		
10/31/2014	$ 3,306,710	100.00%
10/31/2013	$ 2,929,061	100.00%
10/31/2012	$ 2,374,116	100.00%

Funded Status and Funding Progress
The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(continued)

NOTE 17 - PENSION PLANS (Continued)

B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (MERS) (Continued)

Funded Status and Funding Progress (Continued)

Summary of Actuarial Assumptions Used in the MERS June 30, 2011 and June 30, 2014	
Actuarial Cost Method	Entry Age Normal – the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percentage of Payroll - Closed
Equivalent Single Remaining	24 years as of June 30, 2011
	21 years as of June 30, 2014
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	3.50% to 7.50%
Inflation	2.75%
Cost of Living Adjustments are equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first $25,000 of benefits, indexed over time. COLA is delayed until the later of Social Security eligibility age or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.	

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

Defined Contribution Plan

Plan Description

Employees participating in the defined benefit plan(s), as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by

(continued)

NOTE 17 - PENSION PLANS (Continued)

B. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (MERS) (Continued)

Defined Contribution Plan (Continued)

TIAA-CREF and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants. Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly. Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 7% of his or her compensation and the City is required to contribute 3%. The plan members and the City contributed $2,768,149.65 and $1,074,709.36, respectively, during the fiscal year ended October 31, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

C. POLICE AND FIREFIGHTERS PENSION PLAN

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

Method Used to Value Investments
Investments are recorded at fair value. Cash and cash equivalents having a maturity of three months or less when purchased are reported at cost. Fair market is determined using quoted market prices, when available, independent third-party appraisals, and independent brokers and industry experts. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued based on a good faith determination. Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

(continued)

NOTE 17 - PENSION PLANS (Continued)

B. POLICE AND FIREFIGHTERS PENSION PLAN

Annual Pension Cost & Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation calculated in accordance with GASB Statement No. 27 for the Plan for fiscal year 2014 are as follows:

	10/31/2014
Annual required contribution	5,436,880
Interest on net pension obligation	3,884,373
Adjustment to annual required contribution	(4,531,067)
Annual pension cost	4,790,186
Contributions made	6,314,476
Increase (decrease) in net pension obligation	(1,524,290)
Net pension obligation beginning of year	52,499,966

Three Year Trend Information

Fiscal Year Ended	Annual NPO Cost	% of Annual NPO Cost Contributed	NPO Obligation (Asset)
10/31/2012	$ 7,654,421	26.8%	52,033,239
10/31/2013	7,542,709	93.8%	52,499,966
10/31/2014	4,790,186	131.8%	50,975,676

Plan Description

The Police and Firefighters Pension Plan of the City of East Providence (the Plan) is a contributory, single employer, defined benefit plan that was established on November 1, 1961 under Chapter 357 of the City Ordinances of the City of East Providence, Rhode Island. It is directed and operated by a Board of Trustees consisting of the City Manager, the Director of Finance of the City and one representative each from the Fire Department, Police Department, City Council, Retiree from the Police or Fire Departments, and General Public. For financial reporting purposes, the Plan is included 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 the RSI for the Plan.

All members of the Police and Fire Departments of the City of East Providence are covered by the Plan. The City's payroll for employees covered by the Plan for the year ended October 31, 2014 was $13,861,789.

As of October 31, 2014, participant data related to the Plan was as follows:

Active plan members	195
Retired plan members	200
Surviving spouses	41
	431

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

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

Service Retirement
Participants may take normal retirement at the earlier of attaining age 60 and completing 10 years of credited service or upon completing 20 years of credited service. Firefighter participants hired as of January 1, 2014 may take normal retirement at the earlier of attaining age 60 and completing 10 years of credited service, or upon attaining age 55 and completing 25 years of credited service. Annual benefits under the first alternative are based on 2% of salary for each year of credited service to a maximum of 70% of salary.

Annual benefits under the second alternative are based on 2 1/2% of salary for each of the first 24 years of credited service, plus 2% of salary for each additional year of credited service for years 25 to 28, plus 1% of salary for years 29 and 30, to a maximum of 70% of salary.

Firefighter participants hired as of January 1, 2014 will have their benefits based on their final three year salary average at retirement.

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

Termination of Service Prior to Retirement
Any member withdrawing from service prior to being eligible for normal service retirement, but having completed at least 10 years of credited service, is entitled to a deferred annual benefit beginning at age 55 or payable at 60 for firefighters hired after 2013. Those who terminate service prior to satisfying the vesting requirements will be entitled to a return of their contributions without interest.

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

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

***Death Benefits* (Continued)**

of death for each child under the age of 18 to a maximum of 60% of salary.

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

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

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

For firefighters, participants who retired after November 1, 1985 receive 3% compounded cost of living increases annually at or after age 51. Participants who retired after November 1, 1989 receive 3% compounded cost of living increases annually regardless of age. Firefighters hired as of 2013 will receive a 2.25% non-compounding COLA upon retirement.

Funding Policy
The contribution requirements were established and may be amended by City Ordinance. City Ordinance requires that the City contribute the normal cost plus a payment towards the unfunded actuarial accrued liability, which is referred to as the City's customary contribution. Effective October 31, 2007, an amortization period of 30 years was implemented. Police officers and firefighters contribute to the Plan in accordance with their union contracts. Police officers and firefighters currently contribute 8% and 9%, respectively, of compensation to the Plan.

Funded Status and Funding Progress
As of October 31, 2014, the most recent actuarial valuation date, the plan was 61.4% funded. The actuarial accrued liability for benefits was $180,962,809 and the actuarial value of assets was $111,060,482, resulting in an unfunded actuarial accrued liability (UAAL) of $69,902,327. The covered payroll (annual payroll of active employees covered by the plan) was $13,861,789, and the ratio of the UAAL to the covered payroll was 504.3%. The October 31, 2014 actuarial valuation included changes from the prior valuation including the use of the entry age normal actuarial cost

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

***Funded Status and Funding Progress* (Continued)**

method; decrease in the interest rate assumption to 7.5%; decrease in the salary increases assumption to 4% and various other assumption changes as a result of an experience study.

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

Investments

Target Asset Allocation Table

Fixed Income	29.0%
Domestic Equity	30.0%
International Equity	19.0%
Hedge Funds	9.0%
Real Estate/ Real Assets	8.0%
Private Equity	4.0%
Cash	1.0%
	100.0%

Contributions

The actual contributions required to be made to the Plan by the City each year are determined based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by members during the year, with an additional amount to finance the unfunded accrued liability. The required City contributions to the Plan for the fiscal year ending October 31, 2014 were 18.6% for police and 66.2% for firefighters. The established contribution rates for members are currently set at 9.0% of pay for firefighters and 8.0% of pay for police (increasing to 9.0% of pay beginning October 1, 2015). For the purpose of pension calculations and determination of contributions, pay includes base pay, longevity pay, and holiday pay of the members.

Net Pension Liability

The City's net pension liability has been measured as of October 31 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the October 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Salary increases	4.25%, including inflation
Long-term expected investment rate of return	7.5%, including inflation and expenses
Mortality rates	Based upon the RP-2000 Combined Healthy for Males and Females with Blue Collar adjustments mortality table, projected for mortality improvements with Scale AA

The actuarial assumptions used in the October 31, 2014 actuarial valuation have been based on the results of the 2012 Actuarial Experience Study completed for the periods ending October 31 in years 2001 through 2011.

Benefit terms provide for annual cost-of living adjustments to the monthly benefit payable to retired Member's each year, generally including retired Members from about the mid-1990's and thereafter. The annual cost-of-living for these retired members is an annual compounded increase of 3.0% each year. For firefighter 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, 2014.

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

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

***Actuarial Assumptions* (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30%	5.5%
International Equity	19%	5.2%
Fixed Income	29%	1.5%
Real Estate	8%	7.0%
Hedge Funds	9%	7.0%
Private Equity	4%	6.0%
Cash	1%	0.0%
Total	100%	

Discount Rate

The discount rate used to determine the total pension liability was 5.10%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the employee contribution rates. Based on those assumptions for contributions, the Plan's fiduciary net position was projected using the expected long-term rate of return. It was found that the projected net fiduciary position would be able to pay expected current benefit amounts for approximately 22 years. Using the long-term rate of return of 7.50% for the first 22 years and combined with a discount rate after 22 years using an expected municipal bond rate of 3.95%, results in an equivalent discount rate of 5.10%, which has been used to determine the total pension liability as of October 31, 2014.

Pension Plan Fiduciary Net Position

The Plan's fiduciary net position as of October 31, 2014 was equal to $ 116,651,846. This value is equal to the fair market value of the Plan's investments as of that date.

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

Determination of Net Pension Liability

The net pension liability as of October 31, 2014 was determined as follows:

Total Pension Liability	239,548,579
Plan Fiduciary Net Position	116,651,846
City's Net Pension Liability	122,896,733
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.7%

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

The following chart presents the net pension liability of the Plan, calculated using the current discount rate of 5.10%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (decrease to 4.10%) or 1-percentage-point higher (increase to 6.10%) than the current discount rate employed:

	1% Decrease (4.10%)	Current Discount Rate (5.10%)	1% Increase (6.10%)
Plan's Net Pension Liability	$ 159,166,338	122,896,733	93,639,784

Schedule of Investments
Police and Fire Fighters Retirement System

	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.4%

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

Summary of Actuarial Valuation Results as of October 31, 2014

	Police	Fire	Total
Number of Participants			
Active	91	104	195
Service Retirement	70	87	157
Disability Retirement	20	23	43
Surviving Spouses	22	19	41
Terminated with Vesting	0	0	0
Total	203	233	436
Actuarial Present Value of Future Projected Benefits			
Active	$ 41,221,873	$ 48,799,092	$ 90,020,965
Inactive	55,988,811	59,948,595	115,937,406
Total	$ 97,210,684	$ 108,747,687	$ 205,958,371
Actuarial Accrued Liability	$ 84,353,872	$ 96,608,937	$ 180,962,809
Actuarial Value of Plan Assets	$ 79,141,699	$ 31,918,783	$ 111,060,482
Unfunded Actuarial Accrued Liability	$ 5,212,173	$ 64,690,154	$ 69,902,327
Normal Cost			
City	$ 981,237	$ 915,373	$ 1,896,610
Employee Contribution	527,976	653,588	1,181,564
Total	$ 1,509,213	$ 1,568,961	$ 3,078,174
Customary Contribution			
City Normal Cost	$ 981,237	$ 915,373	$ 1,896,610
Amortization of Unfunded Actuarial Accrued Liability	277,444	3,443,457	3,720,901
Total	$ 1,258,681	$ 4,358,830	$ 5,617,511
Total Payroll of Active Participates	$ 6,599,696	$ 7,262,093	$ 13,861,789
Customary Contribution as Percentage	19.1%	60.0%	40.5%

(continued)

NOTE 17 - PENSION PLANS (Continued)

C. POLICE AND FIREFIGHTERS PENSION PLAN (Continued)

Reconciliation of Plan Assets as of October 31, 2014

	Book Value	Market Value	Actuarial Value
Value of Plan Assets as of October 31, 2013	$95,805,505	$110,946,970	$ 107,769,539
Contributions			
City	5,606,148	5,606,148	5,606,148
Employee	1,035,470	1,035,470	1,035,470
Transfer Deposit	-	-	-
Total	$ 6,641,618	$ 6,641,618	$ 6,641,618
Investment Income	1,206,235	1,206,235	1,206,235
Net Realized Gain (Loss) on Sales of Investments	(801,775)	(801,775)	634,622
Net Increase (Decrease) in Unrealized Appreciation	-	8,780,663	4,930,333
Benefit Payments	(9,746,290)	(9,746,290)	(9,746,290)
Expenses	(375,575)	(375,575)	(375,575)
Value of Plan Assets as of October 31, 2014	$92,729,718	$116,651,846	$ 111,060,482
Rate of Return	0.0%	8.4%	6.4%

(continued)

NOTE 18 – RESTATEMENT

The net positions of the Governmental and Business-Type Activities have been restated as of November 1, 2013 to reflect the implementation of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. Implementation of this new Standard resulted in the removal of bond issuance costs as an asset from the Statement of Net Position. Under GASB Statement No. 65 bond issuance costs, excluding bond insurance costs, are to be recorded as an expense in the year the costs are incurred rather than amortizing those costs over the life of the bond obligation. As a result, the unamortized bond issuance costs as of October 31, 2013 totaling $288,041 and $641,205 for the Governmental Activities and Business-Type Activities, respectively, have been retroactively removed from the opening net position balance. The following reflects the effect of implementation of GASB statement No. 65:

Governmental Activities:	
Net Position, October 31, 2013 as originally stated	$29,796,151
Add recognized bond premium income, net	288,041
Net Position, October 31, 2013 restated	$30,084,192
Business-Type Activities:	
Net Position, October 31, 2013 as originally stated	$33,852,483
Less write-off of bond issuance costs, net	(641,205)
Net Position, October 31, 2013 restated	$33,211,278
Total Net Position – Government-wide Statement of Net Position:	
Net Position, October 31, 2013 as originally stated	$63,648,634
Net GASB #65 Adjustments	(353,164)
Net Position, October 31, 2013 restated	$63,295,470

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2014

	Original Budget	Revised Budget	Actual Amounts	Budget Variance
Revenues:				
General property tax	$ 99,442,739	$ 99,442,739	$ 100,472,038	$ 1,029,299
Interest				
Interest on taxes	347,782	347,782	1,038,112	690,330
Interest on investments	-	-	318	318
Total interest	347,782	347,782	1,038,430	690,648
Departmental				
Permits, licenses and fees	-	-	135,972	135,972
Fines and penalties	1,033,526	1,033,526	812,178	(221,348)
Charges for services	4,166,706	4,166,706	5,209,556	1,042,850
Donations	-	-	-	-
Sale of city property	-	-	316,624	316,624
Total departmental	5,200,232	5,200,232	6,474,330	1,274,098
Intergovernmental	5,562,473	5,562,473	5,004,002	(558,471)
Total Revenues	110,553,226	110,553,226	112,988,800	2,435,574
Expenditures:				
General Government				
City council	22,111	22,111	29,216	7,105
City manager	265,906	265,906	292,864	26,958
Senior services	297,167	297,167	287,834	(9,333)
Information technology	927,275	927,275	740,593	(186,682)
City clerk	599,433	599,433	587,516	(11,917)
Finance director	982,905	982,905	842,169	(140,736)
Treasury	505,175	505,175	436,577	(68,598)
Purchasing	245,244	245,244	188,367	(56,877)
Assessment	679,786	679,786	488,645	(191,141)
Planning	565,381	565,381	550,248	(15,133)
Law	331,455	331,455	234,136	(97,319)
Human resources	769,600	769,600	617,119	(152,481)
Canvassing	187,111	187,111	177,071	(10,040)
Total general government	6,378,549	6,378,549	5,472,355	(906,194)
Public Safety				
Police	13,420,964	13,420,964	13,703,830	282,866
Animal control	314,333	314,333	284,836	(29,497)
Harbormaster	48,100	48,100	45,178	(2,922)
Fire	17,248,450	17,248,450	17,541,647	293,197
Building inspection	447,671	447,671	533,793	86,122
Total public safety	31,479,518	31,479,518	32,109,284	629,766

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

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures and Changes in Fund Balance
For the Fiscal Year Ended October 31, 2014
(continued)

	Original Budget	Revised Budget	Actual Amounts	Budget Variance
Public Works				
Director	243,261	243,261	240,664	(2,597)
Engineering	694,816	694,816	673,167	(21,649)
Highway	3,750,657	3,750,657	3,572,670	(177,987)
Central garage	749,032	749,032	725,041	(23,991)
Streetlights	600,000	600,000	696,941	96,941
Public buildings	1,311,016	1,311,016	1,157,272	(153,744)
Total public works	7,348,782	7,348,782	7,065,755	(283,027)
Sanitation				
Refuse disposal	2,429,030	2,429,030	2,485,398	56,368
Total sanitation	2,429,030	2,429,030	2,485,398	56,368
Public Libraries	2,029,812	2,029,812	1,807,018	(222,794)
Parks and Recreation:				
Pierce stadium	15,403	15,403	15,409	6
Recreation	652,396	652,396	666,727	14,331
Total parks and recreation	667,799	667,799	682,136	14,337
Capital	500,000	500,000	346,235	(153,765)
OPEB	6,818,915	6,818,915	4,155,273	(2,663,642)
1% Budget Reserve	997,905	997,905	-	(997,905)
Debt Service	9,476,699	9,476,699	5,662,251	(3,814,448)
Total Expenditures	68,127,009	68,127,009	59,785,705	(8,341,304)
Excess of revenues over expenditures before operating transfers	42,426,217	42,426,217	53,203,095	10,776,878
Other financing sources and (uses)				
Operating transfers to other funds				
School unrestricted fund - City appropriation	(42,426,217)	(42,426,217)	(42,426,217)	-
Total other financing sourses and (uses)	(42,426,217)	(42,426,217)	(42,426,217)	-
Net change in fund balance - budgetary basis	$ -	$ -	$ 10,776,878	$ 10,776,878

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

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended October 31, 2014

	Original Budget	Revised Budget	Actual	Variance
Revenues				
State aid	$ 27,769,195	$ 27,769,195	$ 28,505,323	$ 736,128
Charges for services	2,663,047	2,663,047	2,257,061	(405,986)
Other revenue	-	-	123,352	123,352
Total revenue	30,432,242	30,432,242	30,885,736	453,494
Expenditures				
Education	72,858,459	72,858,459	70,321,975	2,536,484
Total expenditures	72,858,459	72,858,459	70,321,975	2,536,484
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(42,426,217)	(42,426,217)	(39,436,239)	2,989,978
Other financing sources				
Transfers from General Fund - City appropriation	42,426,217	42,426,217	42,426,217	-
Total other financing sources	42,426,217	42,426,217	42,426,217	-
Excess revenues and other sources over (under) expenditures and other sources - budgetary basis	$ -	$ -	$ 2,989,978	$ 2,989,978

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Pension Plans and Other Post Employment Benefit Plans
Schedule of Funding Progress
"Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)/ (Funding Excess)	Funded Ratio	Covered Payroll	Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll
Municipal Employees Retirement System (2)	6/30/2011	61,127,151	111,012,914	49,885,763	55.1%	17,920,933	278.4%
	6/30/2012	60,407,753	99,418,570	39,010,817	60.8%	16,469,751	236.9%
	6/30/2013	59,293,656	100,281,948	40,988,292	59.1%	15,027,364	272.8%
	6/30/2014	60,424,450	100,882,418	40,457,968	59.9%	15,782,796	256.3%
Police and Firefighters Pension Plan (5)	10/31/2008	65,470,000	114,670,000	49,200,000	57.1%	12,970,000	379.3%
	10/31/2009	62,970,000	120,060,000	57,090,000	52.4%	12,580,000	453.8%
	10/31/2010	59,600,000	124,590,000	64,990,000	47.8%	11,770,000	552.2%
	10/31/2011	53,520,000	159,320,000	105,800,000	33.6%	12,330,000	858.1%
	10/31/2012	52,075,000	164,803,000	112,728,000	31.6%	12,744,000	884.6%
	10/31/2013	107,061,000	172,949,000	65,888,000	61.9%	12,667,000	520.2%
	10/31/2014	111,060,482	180,962,809	69,902,327	61.4%	13,861,789	504.3%
Other Post Employment Benefit Plan - City (3)	10/31/2009	-	78,291,702	78,291,702	0.0%	N/A	N/A
	10/31/2011	-	76,217,757	76,217,757	0.0%	22,886,101	333.0%
	10/31/2013	-	66,851,556	66,851,556	0.0%	20,204,098	330.9%
Other Post Employment Benefit Plan - School (4)	10/31/2009	-	27,709,764	27,709,764	0.0%	N/A	N/A
	10/31/2011	-	28,331,194	28,331,194	0.0%	38,107,684	74.3%
	10/31/2013	-	18,660,160	18,660,160	0.0%	35,323,248	52.8%

Police and Firefighters Pension Plan (6)

Year Ended October 31,	Annual Required Contribution	Percentage Contributed
2007	4,830,497	33%
2008	6,256,502	32%
2009	6,878,284	25%
2010	7,362,115	20%
2011	7,525,388	20%
2012	7,951,460	21%
2013	5,474,684	129%

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

(2) Entry age actuarial cost method.

(3) Projected unit credit actuarial cost method

(4) Projected unit credit actuarial cost method for 10/31/09 and entry age normal level dollar actuarial cost method for 10/31/11.

(5) Projected unit credit actuarial cost method for all valuations prior to 10/31/11. Entry age normal actuarial cost method for 10/31/11.

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Pension Plans and Other Post Employment Benefit Plans
Schedule of Employer Contributions
"Unaudited"

Police and Firefighters Pension Plan

Fiscal Year Ending October 31,	Annual Recommended Contributions	Actual Employer Contributions	Percentage of Actual Contributions to Annual Recommended Contributions
2014	5,436,900	5,606,100	103%
2013	7,951,500	7,784,300	98%
2012	7,525,400	1,590,400	21%
2011	4,847,900	1,438,000	30%
2010	4,681,000	1,400,000	30%
2009	$ 4,369,000	$ 1,567,000	36%

Other Post Employment Benefit Plans

	Fiscal Year Ending October 31,	Annual OPEB Cost	Percent Contributed
City	2013	4,407,377	84.6%
City	2012	5,607,357	66.5%
City	2011	5,590,701	66.7%
School	2013	2,681,088	117.8%
School	2012	3,940,440	80.1%
School	2011	4,010,027	72.2%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
October 31, 2014

Schedule of City Contributions
Police and Firefighters Retirement System

Actuarially determined contribution	5,617,511
Actual contribution made in relation to the actuarially determined contribution	5,776,128
Contribution deficiency (excess)	(158,617)
Covered employee payroll	13,861,789
Contributions as a percentage of covered employee payroll	41.7%

Schedule of Investments
Police and Firefighters Retirement System

	2014
Annual money-weighted rate of return, net of investment expense	8.4%

BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

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

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

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

	General Fund GAAP Basis	Special Revenue GAAP Basis
Budgetary Basis Revenues	$ 112,988,800	$ 30,885,736
Adjustments:		
To adjust for State on behalf payments	-	2,789,412
GAAP basis revenues	112,988,800	33,675,148
Budgetary Basis Expenditures	59,785,705	70,321,975
Adjustments:		
To adjust for State on behalf payments	-	2,789,412
GAAP basis expenditures	59,785,705	73,111,387
Budgetary Basis Transfers	(42,426,217)	42,426,217
Adjustments:		
GAAP basis transfers	(42,426,217)	42,426,217
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP Basis)	$ 10,776,878	$ 2,989,978

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Notes to Required Supplementary Information
October 31, 2014
"Unaudited"

	Municipal Employees Retirement System	Police and Firefighters Pension Plan	Other Post Employment Benefit Plan - City	Other Post Employment Benefit Plan - School
Valuation date	June 30, 2014	October 31, 2014	October 31, 2013	October 31, 2013
Actuarial cost method	Entry age	Entry Age Normal	Projected Unit Credit	Entry Age Normal Level Dollar
Amortization method	Level percent of payroll - closed	Level percentage of pay over a closed period	Level percentage of pay over a closed period	Aggregate cost level dollar
Amortization period	21 years as of June 30, 2014	30 years	30 years	Not applicable
Asset valuation method	Market value of assets with a five year phase in of actual investment return in excess of (less than) expected investment income	Adjusted value of assets determined by a five year average of investment gains (losses) subject to a corridor limitation of 120% of market value	Not applicable	Not applicable
Actuarial Assumptions:				
Investment rate of return	7.5% per annum, compunded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return	7.5% per annum	Not applicable	Not applicable
Discount rate	Not applicable	Not applicable	4.5% unfunded	4.5% unfunded
Projected salary increases	A 4% wage inflation assumption (composed of a 2.75% price inflation assumption and a 1.25% additional general increase) plus a service-related component	4% per year	Not applicable	Not applicable
Cost of living adjustments	Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's five-year average investment rate minus 5.5% and will range from zero to 4.0%	3%, compunded, as applicable	Not applicable	Not applicable
Medical/prescription drug trend rate	Not applicable	Not applicable	0% for fiscal year 2012 and 8.5% for fiscal year 2013 decreasing by 0.5% per year to an ultimate level of 5% per year	9% for fiscal year 2012 decreasing by 0.5% per year to an ultimate level of 5% per year
Dental trend rate	Not applicable	Not applicable	Not applicable	5% per year
Participant information	Active Employees 360 Retirees and beneficiaries 383 743	Active Employees 188 Retirees and beneficiaries 245 433	Active Employees 360 Retirees and beneficiaries 214 574	Active Employees 633 Retirees and beneficiaries 193 826

OTHER SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
October 31, 2014

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Adult Vocational Training Program Income	Virtual Learning Programs	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
ASSETS									
Cash and cash equivalents	$3,310,741	$1,015,480	$103,062	$ 29,105	$ 7,773	$ 9,808	$ 1,573,842	$ 54,393	$ 6,104,204
Investments	909,916	-	-	-	-	-	3,451,438	40,810	4,402,164
Accounts receivable	1,247,941	6,152	-	-	-	-	-	-	1,254,093
Due from other governments	-	685,442	268,532	-	-	-	-	-	953,974
Internal balances	621,860	1,368,838	-	-	-	3,433	-	-	1,994,131
Prepaid expenditures	1,500	-	-	-	-	-	-	-	1,500
Total assets	$6,091,958	$3,075,912	$371,594	$ 29,105	$ 7,773	$ 13,241	$ 5,025,280	$ 95,203	$ 14,710,066
LIABILITIES AND FUND BALANCES									
Liabilities									
Cash overdraft	$ -	$ 940,341	$ -	$ -	$ -	$ -	$ -	$ -	$ 940,341
Accounts payable and accrued expenses	59,818	402,205	411,845	-	375	-	169,256	-	1,043,499
Internal balances	1,215,288	1,620,352	-	45,002	-	-	85,318	43,674	3,009,634
Deferred revenue	1,928,046	-	-	-	-	-	-	-	1,928,046
Other liabilities	178,433	-	-	-	-	-	-	-	178,433
Total liabilities	3,381,585	2,962,898	411,845	45,002	375	-	254,574	43,674	7,099,953
Fund balances (deficits)									
Nonspendable:									
Cemetary perpetual care	-	-	-	-	-	-	-	51,529	51,529
Restricted, reported in:									
Special revenue funds	2,786,759	286,106	-	-	7,398	13,241	-	-	3,093,504
Capital projects funds	-	-	-	-	-	-	4,770,706	-	4,770,706
Unassigned	(76,386)	(173,092)	(40,251)	(15,897)	-	-	-	-	(305,626)
Total fund balances	2,710,373	113,014	(40,251)	(15,897)	7,398	13,241	4,770,706	51,529	7,610,113
Total liabilities and fund balances	$6,091,958	$3,075,912	$371,594	$ 29,105	$ 7,773	$ 13,241	$ 5,025,280	$ 95,203	$ 14,710,066

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended October 31, 2014

	City Special Revenue Funds	School Special Revenue Funds	School Lunch Fund	Summer School Remedial	Adult Vocational Training Program Income	Virtual Learning Programs	Capital Project Funds	Permanent Funds	Total Non-Major Governmental Funds
Revenues									
Federal and state aid and grants	$3,996,503	$3,694,059	$1,269,014	$ -	$ -	$ -	$ 167,746	$ -	$ 9,127,322
Charges for services	107,468	11,092	585,873	12,015	8,400	13,241	-	-	738,089
Investment and interest income	72	-	-	-	-	-	11,324	5	11,401
Contributions and private grants	114,039	191,391	-	-	-	-	-	4,400	309,830
Other revenue	275,511	-	-	-	-	-	-	-	275,511
Total revenues	4,493,593	3,896,542	1,854,887	12,015	8,400	13,241	179,070	4,405	10,462,153
Expenditures									
General government	593,762	-	-	-	-	-	-	19,593	613,355
Public safety	3,682,465	-	-	-	-	-	-	-	3,682,465
Public works	15,186	-	-	-	-	-	70,043	-	85,229
Parks and recreation	228,522	-	-	-	-	-	-	-	228,522
Education	1,509	4,398,524	1,881,151	27,912	1,002	-	2,410,829	-	8,720,927
Debt service	298,248	-	-	-	-	-	7,031	-	305,279
Total expenditures	4,819,692	4,398,524	1,881,151	27,912	1,002	-	2,487,903	19,593	13,635,777
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(326,099)	(501,982)	(26,264)	(15,897)	7,398	13,241	(2,308,833)	(15,188)	(3,173,624)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(326,099)	(501,982)	(26,264)	(15,897)	7,398	13,241	(2,308,833)	(15,188)	(3,173,624)
Fund balances (deficit) - restricted November 1, 2013	3,036,472	614,996	(13,987)	-	-	-	7,079,539	66,717	10,783,737
Fund balances (deficit) - restricted October 31, 2014	$2,710,373	$ 113,014	$ (40,251)	$ (15,897)	$ 7,398	$ 13,241	$4,770,706	$ 51,529	$ 7,610,113

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014

	Safe Routes to School	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security
ASSETS							
Cash and cash equivalents	$ -	$ 914	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	-	-	-	10,767	24,448	253	3,410
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	$ -	$ 914	$ -	$ 10,767	$ 24,448	$ 253	$ 3,410
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Internal balances	-	6,142	13,682	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	6,142	13,682	-	-	-	-
Fund balances (deficits)							
Fund balances - restricted	-	-	-	10,767	24,448	253	3,410
Fund balances - unassigned	-	(5,228)	(13,682)	-	-	-	-
Total fund balances (deficits)	-	(5,228)	(13,682)	10,767	24,448	253	3,410
Total liabilities and fund balances	$ -	$ 914	$ -	$ 10,767	$ 24,448	$ 253	$ 3,410

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014
(continued)

	Fire UASI	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	FDA/ DEA/ Marshalls
ASSETS							
Cash and cash equivalents	$ -	$ 80	$ -	$ 255,205	$ -	$ -	$ 322,179
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Internal balances	1,040	483	38,252	-	-	42,202	-
Prepaid expenditures	-	-	-	-	-	-	-
Total assets	$ 1,040	$ 563	$ 38,252	$ 255,205	$ -	$ 42,202	$ 322,179
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ 2,321	$ -	$ -	$ -	$ 33,269
Internal balances	-	-	-	6,529	40,777	-	284,998
Deferred revenue	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	-	-	2,321	6,529	40,777	-	318,267
Fund balances (deficits)							
Fund balances - restricted	1,040	563	35,931	248,676	-	42,202	3,912
Fund balances - unassigned	-	-	-	-	(40,777)	-	-
Total fund balances (deficits)	1,040	563	35,931	248,676	(40,777)	42,202	3,912
Total liabilities and fund balances	$ 1,040	$ 563	$ 38,252	$ 255,205	$ -	$ 42,202	$ 322,179

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014
(continued)

	Hunts Mill/ Tranquility Place	Project Dare	Forfeited Drug State	Forfeited Drug Federal	Bold Point Park	Substance Abuse Donations
ASSETS						
Cash and cash equivalents	$ 155,354	$ -	$ 24,671	$ 973,573	$ -	$ -
Investments	-	-	-	21,889	1,134	-
Accounts receivable	-	-	-	-	-	-
Internal balances	-	9,763	-	-	27,095	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	$ 155,354	$ 9,763	$ 24,671	$ 995,462	$ 28,229	$ -
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ 1,910	$ -	$ -
Internal balances	27,453	-	14,070	-	-	-
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	27,453	-	14,070	1,910	-	-
Fund balances (deficits)						
Fund balances - restricted	127,901	9,763	10,601	993,552	28,229	-
Fund balances - unassigned	-	-	-	-	-	-
Total fund balances (deficits)	127,901	9,763	10,601	993,552	28,229	-
Total liabilities and fund balances	$ 155,354	$ 9,763	$ 24,671	$ 995,462	$ 28,229	$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014
(continued)

	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe	Senior Center Donations	Champlin Fund Weaver	Crescent Park Carousel
ASSETS						
Cash and cash equivalents	$ -	$ 391	$ 178,433	$ -	$ 373	$ 85,592
Investments	-	279,647	-	-	26,505	181,740
Accounts receivable	-	-	-	-	-	-
Internal balances	91,908	83,489	-	10,522	71,240	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	$ 91,908	$ 363,527	$ 178,433	$ 10,522	$ 98,118	$ 267,332
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ 91	$ 981	$ -	$ 1,916	$ -	$ 3,017
Internal balances	-	-	-	-	-	210,157
Deferred revenue	-	-	-	-	-	-
Other liabilities	-	-	178,433	-	-	-
Total liabilities	91	981	178,433	1,916	-	213,174
Fund balances (deficits)						
Fund balances - restricted	91,817	362,546	-	8,606	98,118	54,158
Fund balances - unassigned	-	-	-	-	-	-
Total fund balances (deficits)	91,817	362,546	-	8,606	98,118	54,158
Total liabilities and fund balances	$ 91,908	$ 363,527	$ 178,433	$ 10,522	$ 98,118	$ 267,332

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014
(continued)

	Forbes St Solar Project	Library Donation Fund	Friends of Ancient Little Neck Cemetary	Fire Decon Grant	Early Retiree Reinsurance Program	Beautification Committee
ASSETS						
Cash and cash equivalents	$ 710,033	$ -	$ -	$ -	$ 201,438	$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Internal balances	-	128,075	713	-	-	2,500
Prepaid expenditures	-	-	-	-	-	-
Total assets	$ 710,033	$ 128,075	$ 713	$ -	$ 201,438	$ 2,500
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -
Internal balances	29,928	-	-	585	-	-
Deferred revenue	680,105	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	710,033	-	-	585	-	-
Fund balances (deficits)						
Fund balances - restricted	-	128,075	713	-	201,438	2,500
Fund balances - unassigned	-	-	-	(585)	-	-
Total fund balances (deficits)	-	128,075	713	(585)	201,438	2,500
Total liabilities and fund balances	$ 710,033	$ 128,075	$ 713	$ -	$ 201,438	$ 2,500

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - City
October 31, 2014
(continued)

	Sabin Point Floating Dock	RIHPHC	DEM Silver Spring Playground	Polling Place Renovation	Community Development Activities	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 402,505	$ 3,310,741
Investments	-	-	-	-	399,001	909,916
Accounts receivable	-	-	-	-	1,247,941	1,247,941
Internal balances	-	700	75,000	-	-	621,860
Prepaid expenditures	-	1,500	-	-	-	1,500
Total assets	$ -	$ 2,200	$ 75,000	$ -	$ 2,049,447	$ 6,091,958
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ 3,000	$ -	$ -	$ 13,313	$ 59,818
Internal balances	4,644	-	-	10,670	565,653	1,215,288
Deferred revenue	-	-	-	-	1,247,941	1,928,046
Other liabilities	-	-	-	-	-	178,433
Total liabilities	4,644	3,000	-	10,670	1,826,907	3,381,585
Fund balances (deficits)						
Fund balances - restricted	-	-	75,000	-	222,540	2,786,759
Fund balances - unassigned	(4,644)	(800)	-	(10,670)	-	(76,386)
Total fund balances (deficits)	(4,644)	(800)	75,000	(10,670)	222,540	2,710,373
Total liabilities and fund balances	$ -	$ 2,200	$ 75,000	$ -	$ 2,049,447	$ 6,091,958

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014

	Safe Route to School	ARRA State Energy Efficiency	Byrne/JAG 2009 Formula	Energy Study & Improvement	Station Construction 2009	Fire Prevention & Safety	Fire Port Security
Revenues							
Federal and state aid and grants	$ 1,509	$ -	$ 5,779	$ -	$ 1,193,353	$ -	$ 283,918
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	1,509	-	5,779	-	1,193,353	-	283,918
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	19,461	-	2,492,637	-	278,070
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	1,509	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	1,509	-	19,461	-	2,492,637	-	278,070
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(13,682)	-	(1,299,284)	-	5,848
Fund balances (deficit) - restricted November 1, 2013	-	(5,228)	-	10,767	1,323,732	253	(2,438)
Fund balances (deficit) - restricted October 31, 2014	$ -	$ (5,228)	$ (13,682)	$ 10,767	$ 24,448	$ 253	$ 3,410

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014
(continued)

	Fire UASI	SBA Green Business Initiative	Substance Abuse Grants	Waterfront Stormwater Study	Assistance to Firefighters	Byrne/JAG 2009 Local	FDA/ DEA/ Marshalls
Revenues							
Federal and state aid and grants	$ -	$ 80	$ 29,623	$ -	$ 272,538	$ 13,454	$ 47,154
Charges for services	-	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	-	-	12,357	-	-	-	-
Total revenues	-	80	41,980	-	272,538	13,454	47,154
Expenditures							
General government	-	-	-	-	-	-	-
Public safety	-	-	59,543	-	306,257	-	86,701
Public works	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	-	-	59,543	-	306,257	-	86,701
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	80	(17,563)	-	(33,719)	13,454	(39,547)
Fund balances (deficit) - restricted November 1, 2013	1,040	483	53,494	248,676	(7,058)	28,748	43,459
Fund balances (deficit) - restricted October 31, 2014	$ 1,040	$ 563	$ 35,931	$ 248,676	$ (40,777)	$ 42,202	$ 3,912

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014
(continued)

	Hunts Mill/ Tranquility Place	Project Dare	Forfeited Drug State	Forfeited Drug Federal	Bold Point Park	Substance Abuse Donations
Revenues						
Federal and state aid and grants	$ -	$ -	$ 3,519	$ 1,273,255	$ -	$ -
Charges for services	-	-	-	-	-	-
Investment and interest income	-	-	-	4	-	-
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	-	-	3,519	1,273,259	-	-
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	758	8,999	360,220	-	-
Public works	15,186	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	15,186	758	8,999	360,220	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(15,186)	(758)	(5,480)	913,039	-	-
Fund balances (deficit) - restricted November 1, 2013	143,087	10,521	16,081	80,513	28,229	-
Fund balances (deficit) - restricted October 31, 2014	$ 127,901	$ 9,763	$ 10,601	$ 993,552	$ 28,229	$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014
(continued)

	Emergency Management Program	Historical Records Preservation	Debt Service Reserve East Pointe	Senior Center Donations	Champlin Fund Weaver	Crescent Park Carousel
Revenues						
Federal and state aid and grants	$ 2,250	$ -	$ -	$ 11,000	$ -	$ -
Charges for services	-	-	-	-	-	107,468
Investment and interest income	-	30	-	-	4	34
Contributions and private grants	-	-	-	6,844	75,000	21,195
Other revenue	-	33,869	-	-	-	-
Total revenues	2,250	33,899	-	17,844	75,004	128,697
Expenditures						
General government	-	25,419	-	9,238	-	-
Public safety	2,331	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	220,878
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	2,331	25,419	-	9,238	-	220,878
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(81)	8,480	-	8,606	75,004	(92,181)
Fund balances (deficit) - restricted November 1, 2013	91,898	354,066	-	-	23,114	146,339
Fund balances (deficit) - restricted October 31, 2014	$ 91,817	$ 362,546	$ -	$ 8,606	$ 98,118	$ 54,158

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014
(continued)

	Forbes St Solar Project	Library Donation Fund	Friends of Ancient Little Neck Cemetary	Fire Decon Grant	Early Retiree Reinsurance Program	Beautification Committee
Revenues						
Federal and state aid and grants	$ 34,205	$ -	$ -	$ 58,011	$ -	$ -
Charges for services	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-
Contributions and private grants	-	11,000	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	34,205	11,000	-	58,011	-	-
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	56,818	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	-	-	-	56,818	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	34,205	11,000	-	1,193	-	-
Fund balances (deficit) - restricted November 1, 2013	(34,205)	117,075	713	(1,778)	201,438	2,500
Fund balances (deficit) - restricted October 31, 2014	$ -	$ 128,075	$ 713	$ (585)	$ 201,438	$ 2,500

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - City
For the Fiscal Year Ended October 31, 2014
(continued)

	Sabin Point Floating Dock	RIHPHC	DEM Silver Spring Playground	Polling Place Renovation	Community Development Activities	Total Special Revenue Funds
Revenues						
Federal and state aid and grants	$ -	$ 2,200	$ 75,000	$ -	$ 689,655	$ 3,996,503
Charges for services	-	-	-	-	-	107,468
Investment and interest income	-	-	-	-	-	72
Contributions and private grants	-	-	-	-	-	114,039
Other revenue	-	-	-	-	229,285	275,511
Total revenues	-	2,200	75,000	-	918,940	4,493,593
Expenditures						
General government	-	-	-	-	559,105	593,762
Public safety	-	-	-	10,670	-	3,682,465
Public works	-	-	-	-	-	15,186
Parks and recreation	4,644	3,000	-	-	-	228,522
Public libraries	-	-	-	-	-	-
Education	-	-	-	-	-	1,509
Debt service	-	-	-	-	298,248	298,248
Total expenditures	4,644	3,000	-	10,670	857,353	4,819,692
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(4,644)	(800)	75,000	(10,670)	61,587	(326,099)
Fund balances (deficit) - restricted November 1, 2013	-	-	-	-	160,953	3,036,472
Fund balances (deficit) - restricted October 31, 2014	$ (4,644)	$ (800)	$ 75,000	$ (10,670)	$ 222,540	$ 2,710,373

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014

	IDEA Part B	Preschool Section 619	Title I	Title I 1003 (A) Year 1	Title I 1003 (A) Year 2	Title II	EPHS E2T2	Title III
ASSETS								
Cash and cash equivalents	$ 109,297	$ 35,316	$ -	$ 18,962	$ -	$ 232,525	$ 2,535	$ 4,359
Due from federal and state governments	298,018	10,025	240,262	-	20,435	65,721	-	4,396
Internal balances	196,361	-	465,752	-	-	-	-	197
Other receivables	-	-	-	1,750	-	-	-	-
TOTAL ASSETS	$ 603,676	$ 45,341	$ 706,014	$ 20,712	$ 20,435	$ 298,246	$ 2,535	$ 8,952
LIABILITIES AND FUND BALANCES								
Liabilities								
Cash overdraft	$ -	$ -	$ 408,460	$ -	$ 16,289	$ -	$ -	$ -
Accounts payable and accrued expenses	81,059	-	5,458	-	4,146	11,085	-	200
Internal balances	522,617	45,341	292,096	20,712	-	287,161	-	8,752
Total liabilities	603,676	45,341	706,014	20,712	20,435	298,246	-	8,952
Fund balances								
Fund balances - restricted	-	-	-	-	-	-	2,535	-
Fund balances - unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	2,535	-
TOTAL LIABILITIES AND FUND BALANCE	$ 603,676	$ 45,341	$ 706,014	$ 20,712	$ 20,435	$ 298,246	$ 2,535	$ 8,952

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	Title V	Perkins	Vocational Education Reserves	Vocational Training for Adults	Fresh Fruits & Vegetables	RTTT Standards & Curriculum	RTTT Instructional Improvement Systems	Career & Technical Program Income
ASSETS								
Cash and cash equivalents	$ 754	$ 90,353	$ -	$ 44,462	$ 1,635	$ -	$ 34,107	$ -
Due from federal and state governments	-	13,590	-	-	8,198	11,342	4,834	-
Internal balances	-	1,828	-	739	-	4,350	-	-
Other receivables	-	4,402	-	-	-	-	-	-
TOTAL ASSETS	$ 754	$ 110,173	$ -	$ 45,201	$ 9,833	$ 15,692	$ 38,941	$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Cash overdraft	$ -	$ -	$ 9,855	$ -	$ -	$ 13,365	$ -	$ -
Accounts payable and accrued expenses	-	6,172	-	488	8,198	-	-	-
Internal balances	-	94,579	-	26,572	1,635	2,327	38,941	-
Total liabilities	-	100,751	9,855	27,060	9,833	15,692	38,941	-
Fund balances								
Fund balances - restricted	754	9,422	-	18,141	-	-	-	-
Fund balances - unassigned	-	-	(9,855)	-	-	-	-	-
Total fund balances	754	9,422	(9,855)	18,141	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	$ 754	$ 110,173	$ -	$ 45,201	$ 9,833	$ 15,692	$ 38,941	$ -

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	RTTT Educator Effectiveness	RTTT IIS Set Aside	RTTT Educator Effectiveness Set Aside	RTTT HCD Set Aside	Teaching American History	EPHS Gym	Literacy for All	Legislative Technology Martin
ASSETS								
Cash and cash equivalents	$ 606	$ -	$ -	$ -	$ 50	$ -	$ 1,113	$ 1,801
Due from federal and state governments	8,621	-	-	-	-	-	-	-
Internal balances	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 9,227	$ -	$ -	$ -	$ 50	$ -	$ 1,113	$ 1,801
LIABILITIES AND FUND BALANCES								
Liabilities								
Cash overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-
Internal balances	9,227	-	-	-	-	-	-	-
Total liabilities	9,227	-	-	-	-	-	-	-
Fund balances								
Fund balances - restricted	-	-	-	-	50	-	1,113	1,801
Fund balances - unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	50	-	1,113	1,801
TOTAL LIABILITIES AND FUND BALANCE	$ 9,227	$ -	$ -	$ -	$ 50	$ -	$ 1,113	$ 1,801

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	Legislative Technology Francis	Legislative Technology Hennessey	Legislative Technology Orlo	Legislative Technology Oldham	RI State Council on the Arts	Career Tech. Center Ind. Cont.	CTE Categorical Fund Year 1	CTE Categorical Fund Year 2
ASSETS								
Cash and cash equivalents	$ -	$ 1	$ 293	$ -	$ 520	$ -	$ -	$ 147,986
Due from federal and state governments	-	-	-	-	-	-	-	-
Internal balances	4,000	-	-	2,000	-	125,494	300,849	-
Other receivables	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 4,000	$ 1	$ 293	$ 2,000	$ 520	$ 125,494	$ 300,849	$ 147,986
LIABILITIES AND FUND BALANCES								
Liabilities								
Cash overdraft	$ 3,946	$ -	$ -	$ 1,590	$ -	$ 119,220	$ 243,698	$ -
Accounts payable and accrued expenses	-	-	-	-	-	-	2,174	8,950
Internal balances	-	-	-	-	-	-	54,977	-
Total liabilities	3,946	-	-	1,590	-	119,220	300,849	8,950
Fund balances								
Fund balances - restricted	54	1	293	410	520	6,274	-	139,036
Fund balances - unassigned	-	-	-	-	-	-	-	-
Total fund balances	54	1	293	410	520	6,274	-	139,036
TOTAL LIABILITIES AND FUND BALANCE	$ 4,000	$ 1	$ 293	$ 2,000	$ 520	$ 125,494	$ 300,849	$ 147,986

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	CTE Categorical IT Program Year 1	CTE Categorical IT Program Year 2	PSF Hennessey	Champlin	Champlin Music/Media Lab	Feinstein	Feinstein Hennessey
ASSETS							
Cash and cash equivalents	$ -	$ 25,000	$ 100	$ 165	$ -	$ 14,717	$ -
Due from federal and state governments	-	-	-	-	-	-	-
Internal balances	-	-	-	-	85,425	-	40,029
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	$ -	$ 25,000	$ 100	$ 165	$ 85,425	$ 14,717	$ 40,029
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ 44,329	$ -	$ -	$ -	$ 68,797	$ -	$ 7,729
Accounts payable and accrued expenses	1,428	-	550	-	-	-	260
Internal balances	-	-	-	-	-	-	12,424
Total liabilities	45,757	-	550	-	68,797	-	20,413
Fund balances							
Fund balances - restricted	-	25,000	-	165	16,628	14,717	19,616
Fund balances - unassigned	(45,757)	-	(450)	-	-	-	-
Total fund balances	(45,757)	25,000	(450)	165	16,628	14,717	19,616
TOTAL LIABILITIES AND FUND BALANCE	$ -	$ 25,000	$ 100	$ 165	$ 85,425	$ 14,717	$ 40,029

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	United Way	AMICA Companies Foundation	Sahin Management Corporation	Donations & Gifts	RI Historical	EPHS Arts	RI Parent Information Network
ASSETS							
Cash and cash equivalents	$ 429	$ 230,936	$ -	$ 5,540	$ 294	$ 2,300	$ 1,181
Due from federal and state governments	-	-	-	-	-	-	-
Internal balances	5,000	400	1,000	1,266	-	-	-
Other receivables	-	-	-	-	-	-	-
TOTAL ASSETS	$ 5,429	$ 231,336	$ 1,000	$ 6,806	$ 294	$ 2,300	$ 1,181
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenses	83	28,670	-	-	-	-	-
Internal balances	-	202,266	-	725	-	-	-
Total liabilities	83	230,936	-	725	-	-	-
Fund balances							
Fund balances - restricted	5,346	400	1,000	6,081	294	2,300	1,181
Fund balances - unassigned	-	-	-	-	-	-	-
Total fund balances	5,346	400	1,000	6,081	294	2,300	1,181
TOTAL LIABILITIES AND FUND BALANCE	$ 5,429	$ 231,336	$ 1,000	$ 6,806	$ 294	$ 2,300	$ 1,181

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
October 31, 2014
(continued)

	RI State Improvement Waddington	National Geographic	RITIE	Sports Middle School	High School Band	Wireless Classroom Initiative	Total Special Revenue Funds
ASSETS							
Cash and cash equivalents	$ -	$ 68	$ 733	$ 7,342	$ -	$ -	$ 1,015,480
Due from federal and state governments	-	-	-	-	-	-	685,442
Internal balances	3,063	-	-	967	6,396	123,722	1,368,838
Other receivables	-	-	-	-	-	-	6,152
TOTAL ASSETS	$ 3,063	$ 68	$ 733	$ 8,309	$ 6,396	$ 123,722	$ 3,075,912
LIABILITIES AND FUND BALANCES							
Liabilities							
Cash overdraft	$ 3,063	$ -	$ -	$ -	$ -	$ -	$ 940,341
Accounts payable and accrued expenses	-	-	-	2,532	-	240,752	402,205
Internal balances	-	-	-	-	-	-	1,620,352
Total liabilities	3,063	-	-	2,532	-	240,752	2,962,898
Fund balances							
Fund balances - restricted	-	68	733	5,777	6,396	-	286,106
Fund balances - unassigned	-	-	-	-	-	(117,030)	(173,092)
Total fund balances	-	68	733	5,777	6,396	(117,030)	113,014
TOTAL LIABILITIES AND FUND BALANCE	$ 3,063	$ 68	$ 733	$ 8,309	$ 6,396	$ 123,722	$ 3,075,912

(concluded)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014

	IDEA Part B	Preschool Section 619	Title I	Title I 1003 (A) Year 1	Title I 1003 (A) Year 2	Title II	EPHS E2T2	Title III
Revenues								
Intergovernmental revenues	$ 1,192,561	$ 44,218	$ 1,167,433	$ 54,748	$ 67,953	$ 322,270	$ -	$ 42,994
Charges for services	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-
Total revenues	1,192,561	44,218	1,167,433	54,748	67,953	322,270	-	42,994
Expenditures								
Education	1,192,561	44,218	1,167,433	54,748	67,953	322,270	-	42,994
Total expenditures	1,192,561	44,218	1,167,433	54,748	67,953	322,270	-	42,994
Excess revenues over (under) expenditures	-	-	-	-	-	-	-	-
Fund balances (deficit) - restricted November 1, 2013	-	-	-	-	-	-	2,535	-
Fund balances (deficit) - restricted October 31, 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,535	$ -

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	Title V	Perkins	Vocational Education Reserves	Vocational Training for Adults	Fresh Fruits & Vegetables	RTTT Standards & Curriculum	Instructional Improvement Systems	Career & Technical Program Income
Revenues								
Intergovernmental revenues	$ -	$ 212,714	$ -	$ -	$ 50,331	$ 27,785	$ 17,025	$ -
Charges for services	-	-	-	8,625	-	-	-	-
Contributions and private grants	-	-	-	46,451	-	-	-	-
Total revenues	-	212,714	-	55,076	50,331	27,785	17,025	-
Expenditures								
Education	-	203,292	9,855	50,765	50,331	27,785	17,025	36,433
Total expenditures	-	203,292	9,855	50,765	50,331	27,785	17,025	36,433
Excess revenues over (under) expenditures	-	9,422	(9,855)	4,311	-	-	-	(36,433)
Fund balances (deficit) - restricted November 1, 2013	754	-	-	13,830	-	-	-	36,433
Fund balances (deficit) - restricted October 31, 2014	$ 754	$ 9,422	$ (9,855)	$ 18,141	$ -	$ -	$ -	$ -

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	RTTT Educator Effectiveness	RTTT IIS Set Aside	RTTT Educator Effectiveness Set Aside	RTTT HCD Set Aside	Teaching American History	EPHS Gym	Literacy for All	Legislative Technology Martin
Revenues								
Intergovernmental revenues	$ 18,431	$ 22,717	$ 16,605	$ 50,653	$ -	$ 50,000	$ -	$ -
Charges for services	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-
Total revenues	18,431	22,717	16,605	50,653	-	50,000	-	-
Expenditures								
Education	18,431	22,717	16,605	50,653	-	374	-	-
Total expenditures	18,431	22,717	16,605	50,653	-	374	-	-
Excess revenues over (under) expenditures	-	-	-	-	-	49,626	-	-
Fund balances (deficit) - restricted November 1, 2013	-	-	-	-	50	(49,626)	1,113	1,801
Fund balances (deficit) - restricted October 31, 2014	$ -	$ -	$ -	$ -	$ 50	$ -	$ 1,113	$ 1,801

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	Legislative Technology Francis	Legislative Technology Hennessey	Legislative Technology Orlo	Legislative Technology Oldham	RI State Council on the Arts	Career Tech. Center Ind. Cont.	CTE Categorical Fund Year 1	CTE Categorical Fund Year 2
Revenues								
Intergovernmental revenues	$ 4,000	$ 2,000	$ -	$ 2,000	$ 1,200	$ -	$ -	$ 149,984
Charges for services	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	-
Total revenues	4,000	2,000	-	2,000	1,200	-	-	149,984
Expenditures								
Education	3,946	2,000	-	1,590	680	286,720	274,214	10,948
Total expenditures	3,946	2,000	-	1,590	680	286,720	274,214	10,948
Excess revenues over (under) expenditures	54	-	-	410	520	(286,720)	(274,214)	139,036
Fund balances (deficit) - restricted November 1, 2013	-	1	293	-	-	292,994	274,214	-
Fund balances (deficit) - restricted October 31, 2014	$ 54	$ 1	$ 293	$ 410	$ 520	$ 6,274	$ -	$ 139,036

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	CTE Categorical IT Program Year 1	CTE Categorical IT Program Year 2	PSF Hennessey	Champlin	Champlin Music/Media Lab	Feinstein	Feinstein Hennessey
Revenues							
Intergovernmental revenues	$ -	$ 25,000	$ 27,715	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	85,425	-	46,545
Total revenues	-	25,000	27,715	-	85,425	-	46,545
Expenditures							
Education	45,757	-	28,165	-	68,797	-	36,929
Total expenditures	45,757	-	28,165	-	68,797	-	36,929
Excess revenues over (under) expenditures	(45,757)	25,000	(450)	-	16,628	-	9,616
Fund balances (deficit) - restricted November 1, 2013	-	-	-	165	-	14,717	10,000
Fund balances (deficit) - restricted October 31, 2014	$ (45,757)	$ 25,000	$ (450)	$ 165	$ 16,628	$ 14,717	$ 19,616

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	United Way	AMICA Companies Foundation	Sahin Management Corporation	Donations & Gifts	RI Historical	EPHS Arts	RI Parent Information Network
Revenues							
Intergovernmental revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	5,174	400	1,000	-	-	-	-
Total revenues	5,174	400	1,000	-	-	-	-
Expenditures							
Education	83	-	-	-	-	-	-
Total expenditures	83	-	-	-	-	-	-
Excess revenues over (under) expenditures	5,091	400	1,000	-	-	-	-
Fund balances (deficit) - restricted November 1, 2013	255	-	-	6,081	294	2,300	1,181
Fund balances (deficit) - restricted October 31, 2014	$ 5,346	$ 400	$ 1,000	$ 6,081	$ 294	$ 2,300	$ 1,181

(continued)

SUPPLEMENTARY INFORMATION
EAST PROVIDENCE PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended October 31, 2014
(continued)

	RI State Improvement Waddington	National Geographic	RITIE	Sports Middle School	High School Band	Wireless Classroom Initiative	Total Special Revenue Funds
Revenues							
Intergovernmental revenues	$ -	$ -	$ -	$ -	$ -	$ 123,722	$ 3,694,059
Charges for services	-	-	-	2,467	-	-	11,092
Contributions and private grants	-	-	-	-	6,396	-	191,391
Total revenues	-	-	-	2,467	6,396	123,722	3,896,542
Expenditures							
Education	-	-	-	1,500	-	240,752	4,398,524
Total expenditures	-	-	-	1,500	-	240,752	4,398,524
Excess revenues over (under) expenditures	-	-	-	967	6,396	(117,030)	(501,982)
Fund balances (deficit) - restricted November 1, 2013	-	68	733	4,810	-	-	614,996
Fund balances (deficit) - restricted October 31, 2014	$ -	$ 68	$ 733	$ 5,777	$ 6,396	$ (117,030)	$ 113,014

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Capital Projects Funds
October 31, 2014

	2002 Bond Miscellaneous Projects	2001 Bond Economic Development	Vintner Avenue Playground	2007 Public Works BAN	School RIHEBC Leases	Total Capital Project Funds
ASSETS						
Cash and cash equivalents	$ 32,382	$ 167,022	$ -	$ 272,664	$ 1,101,774	$ 1,573,842
Investments	487,978	746,776	3,007	2,213,677	-	3,451,438
Total assets	$ 520,360	$ 913,798	$ 3,007	$ 2,486,341	$ 1,101,774	$ 5,025,280
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 169,256	$ 169,256
Internal balances	2,416	-	-	82,902	-	85,318
Total liabilities	2,416	-	-	82,902	169,256	254,574
Fund balances - restricted	517,944	913,798	3,007	2,403,439	932,518	4,770,706
Total fund balances (deficit)	517,944	913,798	3,007	2,403,439	932,518	4,770,706
Total liabilities and fund balances	$ 520,360	$ 913,798	$ 3,007	$ 2,486,341	$ 1,101,774	$ 5,025,280

(continued)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
Capital Project Funds
For the Fiscal Year Ended October 31, 2014

	2002 Bond Miscellaneous Projects	2001 Bond Economic Development	Vintner Avenue Playground	2007 Public Works BAN	School RIHEBC Leases	Total Capital Project Funds
Revenues						
Federal and state aid and grants	$ -	$ -	$ -	$ -	$ 167,746	$ 167,746
Investment and interest income	49	76	-	231	10,968	11,324
Total revenues	49	76	-	231	178,714	179,070
Expenditures						
Public works	2,416	-	-	67,627	-	70,043
Education	-	-	-	-	2,410,829	2,410,829
Debt service	-	-	-	-	7,031	7,031
Total expenditures	2,416	-	-	67,627	2,417,860	2,487,903
Excess of revenues and other sources over (under) expenditures	(2,367)	76	-	(67,396)	(2,239,146)	(2,308,833)
Fund balances (deficit) - restricted November 1, 2013	520,311	913,722	3,007	2,470,835	3,171,664	7,079,539
Fund balances (deficit) - restricted October 31, 2014	$ 517,944	$ 913,798	$ 3,007	$ 2,403,439	$ 932,518	$ 4,770,706

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Permanent Funds
October 31, 2014

	Nancy W Miller Fund	George Bucklin Fund	Lakeside Springvale	Little Neck Cemetary	FBO Newman	Total Permanent Funds
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ 54,393	$ -	$ 54,393
Investments	1,620	15,111	9,994	-	14,085	40,810
Total assets	$ 1,620	$ 15,111	$ 9,994	$ 54,393	$ 14,085	$ 95,203
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	$ -	$ -	$ -	$ 43,674	$ -	$ 43,674
Total liabilities	-	-	-	43,674	-	43,674
Fund balances - nonspendable	1,620	15,111	9,994	10,719	14,085	51,529
Total fund balances (deficit)	1,620	15,111	9,994	10,719	14,085	51,529
Total liabilities and fund balances	$ 1,620	$ 15,111	$ 9,994	$ 54,393	$ 14,085	$ 95,203

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
Permanent Funds
For the Fiscal Year Ended October 31, 2014

	Nancy W Miller Fund	George Bucklin Fund	Lakeside Springvale	Little Neck Cemetary	FBO Newman	Total Permanent Funds
Revenues						
Investment and interest income	$ -	$ -	$ -	$ 5	$ -	$ 5
Contributions and private grants	-	-	-	4,400	-	4,400
Total revenues	-	-	-	4,405	-	4,405
Expenditures						
General government	-	-	-	19,593	-	19,593
Total expenditures	-	-	-	19,593	-	19,593
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	(15,188)	-	(15,188)
Fund balances (deficit) - restricted November 1, 2013	1,620	15,111	9,994	25,907	14,085	66,717
Fund balances (deficit) - restricted October 31, 2014	$ 1,620	$ 15,111	$ 9,994	$ 10,719	$ 14,085	$ 51,529

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
Combining Statement of Net Assets
Agency Funds
For the Fiscal Year Ending October 31, 2014

	Escrow Pending Forfeiture	Waterfront Commission	Contractor's Escrow Account	Dolly Searle Scholarship Account	Student Activities Fund	Total Agency Funds
ASSETS						
Cash and cash equivalents	$ 3,468	$ 793	$ 1,308	$ 47,473	$ 344,007	$ 397,049
Investments	11,380	-	127,245	-	-	138,625
Internal balances	30,886	3,307	-	-	-	34,193
Total assets	$ 45,734	$ 4,100	$ 128,553	$ 47,473	$ 344,007	$ 569,867
LIABILITIES AND FUND BALANCES						
Liabilities						
Internal balances	$ -	$ -	$ 25,352	$ 11,128	$ -	$ 36,480
Deposits held in custody for others	45,734	4,100	103,201	36,345	344,007	533,387
Total liabilities	$ 45,734	$ 4,100	$ 128,553	$ 47,473	$ 344,007	$ 569,867

SUPPLEMENTARY INFORMATION
CITY OF EAST PROVIDENCE, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2014

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance November 1, 2013	Current Year Assessment	Additions and Adjustments	Discounts, Abatements and Adjustments	Amount to be Collected	Collections	Balance October 31, 2014
2014	$ -	$ 103,070,824	$ 272,973	$ 1,150,927	$ 102,192,870	$ 77,092,285	$ 25,100,585
2013	25,015,313	-	523,832	426,735	25,112,410	22,838,590	2,273,820
2012	1,678,001	-	35,625	53,610	1,660,016	1,096,031	563,985
2011	482,570	-	1,164	3,140	480,594	90,691	389,903
2010	242,134	-	622	-	242,756	10,853	231,903
2009	198,334	-	236	1,062	197,508	5,863	191,645
2008 & Prior	707,535	-	338	133,346	574,527	8,021	566,506
Prepayments	-	-	-	-	-	-	-
	$ 28,323,887	$ 103,070,824	$ 834,790	$ 1,768,820	$ 130,460,681	$ 101,142,334	$ 29,318,347

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY

Description of Property	Valuations	Levy
Real property residential	$2,569,874,800	$ 58,978,627
Real property commercial	1,082,539,300	27,496,498
Motor vehicles	334,209,541	12,399,174
Tangible personal	263,755,850	14,947,044
Total	4,250,379,491	113,821,343
Exemptions	425,548,525	10,750,519
Net assessed value	$3,824,830,966	$103,070,824
Current year assessment		$103,070,824

CITY OF EAST PROVIDENCE

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence (the City), as of and for the year fiscal ended October 31, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 7, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items **2014-1** through **2014-5** to be material weaknesses.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the City Council, the School Committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parmelee, Poirier & Assoc LLP

Parmelee, Poirier & Associates, LLP
May 7, 2015

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Providence (the City), as of and for the year fiscal ended October 31, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 7, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items **2014-1** through **2014-5** to be material weaknesses.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the City Council, the School Committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parmelee Poirier & Assoc. LLP

Parmelee, Poirier & Associates, LLP
May 7, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of East Providence (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item **2014-6** through **2014-8** in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding equipment that are applicable to its Community Development Block Grant program 14.218, Federal Seized Assets Program 16.922, National School Lunch Program 10.555, and School Breakfast Program 10.553. The City also did not comply with accounts payable procedures regarding Federal Seized Assets 16.922 and cash management/special reporting for National School Lunch Program 10.555 and School Breakfast Program 10.553. Compliance with such requirements is necessary, in our opinion, of the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of East Providence (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended October 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item **2014-6** through **2014-8** in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding equipment that are applicable to its Community Development Block Grant program 14.218, Federal Seized Assets Program 16.922, National School Lunch Program 10.555, and School Breakfast Program 10.553. The City also did not comply with accounts payable procedures regarding Federal Seized Assets 16.922 and cash management/special reporting for National School Lunch Program 10.555 and School Breakfast Program 10.553. Compliance with such requirements is necessary, in our opinion, of the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2014.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item **2014-6** through **2014-8** to be material weaknesses.

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

This report is intended solely for the information and use of management, the City Council, the School Committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parmelee, Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
May 7, 2015

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended October 31, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture:			
Passed through State of Rhode Island Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	$ 1,729,259
School Breakfast Program	10.553	N/A	151,892
Food Donation - See Note 4	10.550	N/A	71,430
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	50,331
Total U.S. Department of Agriculture			$ 2,002,912
U.S. Department of Housing and Urban Development:			
Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development			
Community Development Block Grant/State Program	14.218	B11-MC-44-0006	$ 857,353
Total U.S. Department of Housing and Urban Development			$ 857,353
U.S. Department of Justice:			
Federal Seized Assets	16.922	N/A	$ 360,220
FDA/DEA/Marshalls	16.922	N/A	86,701
Byrne/ JAG Grant	16.738	N/A	19,461
Total U.S. Department of Justice			$ 360,220
U.S. Department of Transportation:			
Pass-Through State of Rhode Island Department of Transportation, Governor's Office on Highway Safety			
Highway planning Construction Cluster:			
Safe routes to School	20.205	N/A	$ 1,509
I-195 Taunton/Warren Ave. Interchange	20.000	N/A	4,741
Click it or Ticket it	20.600	N/A	5,706
Speed	20.600	N/A	15,283
Alcohol	20.600	N/A	7,619
Total U.S. Department of Transportation			$ 34,858
U.S. Department of Education:			
Passed through State of Rhode Island Department of Education:			
Special Education Cluster:			
Title I Grants to Local Education Agencies	84.010	2725-11702-201	$ 1,290,134
Special Education Cluster:			
Special Education Grants to States	84.027	2725-13202-201	1,192,561
Special Education Preschool Grants	84.173	2725-13502-201	44,218
English Language Acquisition Grants	84.365	2725-16502-201	42,994
Improving Teacher Quality State Grants	84.367	2725-16402-201	322,270
ARRA - Race to the Top	84.395	4572-13502-110	153,216
Passed through the City of East Providence Public School System State of Rhode Island			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-101	203,292
Vocational Training for Adults	84.048	2725-15602-201	50,765
Total U.S. Department of Education			$ 3,299,450
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	EMW-2010-FO-04481	$ 306,257
Fire Decon Grant	97.044	N/A	56,818
Port Security Grant Program	97.056	N/A	278,070
Station Construction	97.115	N/A	2,492,637
Total U.S. Department of Homeland Security			$ 3,133,782
Total Expenditures of Federal Awards			$ 9,688,575

CITY OF EAST PROVIDENCE, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended October 31, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness (es) identified?	X	yes	____	no
Significant deficiency (ies) identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statements noted?	____	yes	X	no

Federal Awards

Internal control over major programs:				
Material weakness (es) identified?	X	yes	____	no
Significant deficiency (ies) identified that are not considered to be material weakness (es)?	____	yes	X	none reported
Type of auditors' report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133?	X	yes	____	no

Identification of major programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
	Child Nutrition Cluster
10.555	National School Lunch Program
10.553	School Breakfast Program
14.218	Community Development Block Grant
16.922	Federal Seized Assets
16.922	FDA/DEA/Marshalls
	Special Education Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
97.044	Assistance to Firefighters
97.115	Station Construction

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000			
Auditee qualified as low risk auditee?	____	yes	X	no

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

2014-1 **Finding:** Although the City has adequate policies and procedures to process account payable transactions, we encountered an invoice processed without a purchase order or any approval. This invoice is related to services the school department owed to an outside provider and amounted to $86,500. The invoice was entered into the accounts payable system, selected and prepared for payment, and payment was processed without any approval. School department officials did attest that the city owed for the services provided.

Recommendation: We suggest that all purchase orders, invoices and payments be properly reviewed and approved prior to any transactions being entered into or process in the accounts payable/accounting records. Thereby assuring that all expenses incurred by the City or the City's School Department have actually been approved and received.

Response: This issue has since been resolved. For a short period of time, the supervision of the School Department Finance team was limited due to changes in administration. The current Deputy Finance Director reviews all invoicing.

2014-2 **Finding:** The City and the City's School Department pay their employees a longevity bonus based upon their years of service and in accordance with union contracts. During our testing of the payroll transactions, we detected three school department employees longevity bonuses were incorrectly calculated. The bonus amount for each employee is calculated by the payroll clerk who documents this information in the employee's payroll file on a reference card. This information is entered into the payroll system at the beginning of the school year.

Recommendation: We recognize that the City, non-school department, longevity bonus calculations were reviewed by the Finance Director. We recommend that the school department calculations be reviewed and/or recalculated by the Deputy Finance Director. In addition to reviewing the manual system, we recommend someone independent of the payroll clerk, review the data inputted into the automated payroll system to ensure accurate amounts have been entered.

Response: The Deputy Finance Director is developing procedures to ensure consistent longevity calculations. These calculations will be reviewed by the Deputy Finance Director annually.

2014-3 **Finding**: During the current year, the School Department received funds ($202,265) via wire transfers into the City's bank account. In some cases, the School Department was not made aware of the transfers, on a timely basis. Without proper notification from the City regarding the School Department transactions and without a timely review of account reconciliations, the books and records had not recorded cash on a timely basis. The School Department needed to record revenue of $202,265 in the special revenue funds accounts. The delay in recording a significant transaction may cause the School's financial statements to be misstated. Since management utilizes financial information to make decisions, the financial data should include all school department transactions.

Recommendation: Whenever possible, all transactions should be recorded in the month they occur, if this is not possible, then no later than the next month.

Response: The City concurs with the recommendation and will reinforce this with the staff that record transactions and prepare journal entries.

2014-4 **Finding:** The City does have polices or procedures in place to identify Federal Grant expenditures. However, during our review of federal grant expenditures, we noted that some expenditures funded by federal monies were not properly identified, and were subsequently recorded as general fund expense.

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

Recommendation: We suggest that all grants are approved prior to application, and that the Finance Department is made aware of all grant information, such as the CFDA number, award letters, contract services and agreements in order to properly account for the grant expenditure in their respective special revenue fund.

Response: The City has hired a grant manager and has made great strides at developing and adopting policies and procedures surrounding grant management. This will continue to be an area of emphasis and fine tuning during the fiscal year 2015. The City will conduct informational meetings with Department Heads to explain the grant accounting process.

2014-5 Finding: The City does not have policies and procedures in place to properly maintain and account for capital assets. For example, federal grants require the City to perform a physical inventory of assets purchased with federal funds. Unfortunately, the City has not performed a physical inventory of these items in several years.

Recommendation: It is our suggestion that the City develop policies and procedures surrounding capital assets. In addition, we suggest that the City utilize information from the recently completed update to the fixed asset module to perform physical inventories of all the city assets, with special emphasis on grant assets.

Response: The City has just recently, finalized the input of all assets to an automated capital program which will be used to record all capital items moving forward. This computerized fixed asset program will provide the City with the necessary data to perform physical inventories. The City anticipates performing the inventories during the Fiscal Year 2015.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-6 Finding: Equipment records must be maintained and a physical inventory of equipment must be performed at least once every 2 years and compared to the equipment records for equipment purchased with Federal grant funds that has a per unit cost of $5,000 or more and a useful life of at least one year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last two years for equipment purchased with Federal grant funds.

Program: Community Development Block Grant 14.218, Federal Seized Assets 16.922, National School Lunch Program 10.555, School Breakfast Program 10.553

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

Response: With all assets entered into the accounting system fixed asset module, the City will be able to focus on accounting for fixed assets in a timely manner. The fixed asset module will be able to produce an equipment list which will be used for the physical inventory.

2014-7 Finding: The program requested to purchase certain equipment by completing an approved purchase order of $5,290. There is no evidence of the equipment being received or invoiced. However, the approved P.O. was additionally signed by the program manager with a note instructing the accounts payable clerk to proceed with payment. The payment was processed.

Program: Federal Seized Assets 16.922

Recommendation: We recommend that the accounts payable department follow policy & procedure by disbursing payments only for items which are properly invoiced and provide evidence of receipt.

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

Response: Policies and procedures will be reviewed with the accounts payable department. Staff will be reminded that no amount should be paid without proper documentation.

2014-8 Finding: The School Department Lunch Program is reimbursed monthly via a wire transfer into the City's bank account. Although the cash was recorded on the city's side on a timely basis, it was not recorded by the School Department for several months. The School Department cash reconciliations, if prepared timely, would have detected this discrepancy. In addition, the review of outstanding receivables should have resulting in an inquiry of the significant aging of this particular vendor.

Program: National School Lunch Program 10.555, School Breakfast Program 10.553

Recommendation: We recommend that the school lunch bank account be reconciled monthly and outstanding receivables be reviewed periodically to assure that all activity is accounted for.

Response: The School Department concurs with this comment and has already established a monthly reconciliation process.

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS

2013-1 **Finding:** The City does not have any polices or procedures in place to identify Federal Grant expenditures. During our review of federal grant expenditures, it was noted that the Finance Department was not aware of certain grants, did not have documentation for said grants and therefore was unaware of grant requirements. In addition, the city was unable to provide us with a complete and accurate listing of all grants awarded to the city. The SEFA was auditor performed.

Recommendation: We suggest that all grants are approved prior to application, and that the Finance Department is made aware of all grant information, such as the CFDA number, award letters, contract services and agreements in order to properly account for the grant expenditure in their respective special revenue fund.

Response: Grant Administration will be centralized during the upcoming fiscal year. In addition, department managers and others will be educated regarding the importance of sharing this information with the Business Department.

Current Status: Although some improvements have made, this item is reported in the current year "Schedule of Findings and Questioned Costs" 2014-4.

2013-2 **Finding:** The City does not have policies and procedures in place to properly maintain and account for capital assets. The City has not performed a physical inventory of capital assets in many years. The City does not perform physical inventories for assets purchased with Federal Funds. The City did not identify any asset retirements throughout the year.

Recommendation: We suggest that the City perform a complete review of all City assets, including Enterprise Funds, to determine the status and value of all assets owned by the City We additionally suggest that the City utilize the information provided by the audit team as a starting point for developing and utilizing an automated capital program and utilize this program for all capital assets.

Response: This has been a shortcoming of the City for many years. The antiquated system in place has made it quite difficult for the City to maintain proper records for various activities. With a new accounting system in place which includes a fixed asset module, the City will be able to focus on accounting for assets in a timely manner.

Current Status: Although some improvements have been made, this item is reported in the current year "Schedule of Findings and Questioned Costs" 2014-5.

2013-3 **Finding:** During our examination of the school activity, it was noted that the City did not maintain matching of reimbursements from school/side funds to the General Fund. Large expense entry amounts were needed to be reclassified on the City for utility items billed to the school, and payroll charges paid by the City.

Recommendation: We recommend that the City and School record mirror entries and utilize the due to/due from as the offset. In addition these accounts should be reconciled monthly to be sure all activity has been recorded on both funds and the due to/due from balance.

Response: This procedure is now in place and staff will been held accountable for recording journal entries and reconciling accounts on a timely basis.

Current Status: Resolved

2013-4 **Finding:** The City's main cash account was not reconciled until five months after year end. The significant lag time in the reconciliation in a major account questions the timely and accurate reporting of financial data.

Recommendation: We recommend that accounts are reconciled on a regular and consistent basis, normally thirty days after the close of the month. In addition these accounts should be reconciled monthly to be sure all activity has

SECTION III – PRIOR YEAR FINANCIAL STATEMENTS FINDINGS (continued):

been recorded and to address any clerical errors or bank errors on a timely basis.

Response: The Finance Director agrees that cash reconciliations have to be completed on a timely basis and plans to reevaluate the tasks assigned to each member of his department. The client anticipates making changes to staff assignments to achieve this goal.

Current Status: City cash reconciliations have been prepared on a timely basis, however the cash reconciliations on of the School Department still require improvement. This item is reported in the current year "Schedule of Findings and Questioned Costs" 2014-3.

2013-5 **Finding:** Although the City has adequate policies and procedures to process accounts payable transactions, we encountered an overall lack of accuracy within the accounts payable department. For example, invoices attached to the wrong supporting documentation, misfiling of information, and invoices were paid for the wrong amounts. Certain invoices were paid in duplicate, and within our sample transactions a duplicate payment of $174,373 was noted.

Recommendation: We recommend that the City staff prepare hash totals to ensure the amount of invoices authorized for payment matches the amount of checks processed for payment. In addition, we recommend some retraining of the accounts payable staff focusing on the policies and procedures, monitoring of the staff's work and reviewing all checks prior to distribution.

Response: The City has implemented several of these recommendations.

Current Status: Although these recommendations have been implemented the accounts payable staff has failed to follow them on two separate occasions. These items are reported in the current year "Schedule of Findings and Questioned Costs" 2014-1 and 2014-7.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-6 **Finding:** Equipment records must be maintained and a physical inventory of equipment must be performed at least once every 2 years and compared to the equipment records for equipment purchased with Federal grant funds that has a per unit cost of $5,000 or more and a useful life of at least one year. Equipment records were not maintained and a physical inventory of equipment has not been performed in the last two years for equipment purchased with Federal grant funds.

Program: Community Development Block Grant 14.218, Federal Seized Assets 16.922

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

Response: With a new accounting system in place which includes a fixed asset module, the City will be able to focus on accounting for fixed assets in a timely manner. The fixed asset module will be able to produce an equipment list which will be used for the physical inventory.

Current Status: Although some improvements have been made this item is reported in the current year "Schedule of Findings and Questioned Costs" 2014-6.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued):

2013-7 **Finding:** Although the City has adequate policies and procedures to process accounts payable transactions, yet we encountered an overall lack of accuracy within the accounts payable department. For example, invoices attached to the wrong supporting documentation, misfiling of information, and invoices were paid for the wrong amounts. Two separate invoices each for $1,852.50 were paid for $1825.50.

Program: Assistance to Firefighters 97.044

Recommendation: We recommend that the City staff prepare hash totals to ensure the amount of invoices authorized for payment matches the amount of checks processed for payment. In addition, we recommend some retraining of the accounts payable staff focusing on the policies and procedures, monitoring of the staff's work and reviewing all checks prior to distribution.

Response: The City has implemented several of these recommendations.

2013-8 **Finding:** The City incurred approximately $11,000 of grant expenditures from December, 2012 through March 2013. However the City did not submit a request for reimbursement until July 10, 2013. The city does not have a standard procedure for grant reimbursement; the grant document however requires reimbursement requests to be submitted with a thirty day period. The City is not in compliance with this standard.

Program: Assistance to Firefighters 97.044

Recommendation: We recommend that every month the City prepare a request reimbursement from each grantor. Thereby minimizing the amount of funds owed to the City at any given time.

Response: Grant Administration will be centralized during the upcoming fiscal year under the newly created position of Budget Analyst/Grant Coordinator. The position will develop policies and procedures to ensure compliance with Federal and State regulations for all aspects of Federal Awards.

CITY OF EAST PROVIDENCE
Notes to Schedule of Expenditures of Federal Awards
October 31, 2014

1. **General -** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of East Providence, Rhode Island.

2. **Basis of Accounting -** The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. **Determination of Type A, Type B and Major Programs -** The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of East Providence. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended October 31, 2014, grants with expenditures exceeding $300,000 were determined to be Type A programs and all other grants were considered Type B programs.

4. **Non-Cash Assistance** - U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of $71,430 represents the market value of such commodities used during the period.